

**FEDERAL ENERGY REGULATORY COMMISSION****18 CFR Part 154**

[Docket No. RM95-3-000; Order No. 582]

**Filing and Reporting Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs**

Issued: September 28, 1995

**AGENCY:** Federal Energy Regulatory Commission, DOE.**ACTION:** Final rule.

**SUMMARY:** The Federal Energy Regulatory Commission is amending part 154 of the Commission's regulations under the Natural Gas Act. The Commission is reorganizing, rewriting and updating its regulations governing the form, composition and filing of rates and charges for the transportation of natural gas in interstate commerce. This rule is part of the Commission's ongoing program to review its filing and reporting requirements and reduce unnecessary burdens by eliminating the collection of data that are not necessary to the performance of the Commission's regulatory responsibilities. The rule also requires that certain data, necessary to the analysis of a proposed rate, be filed at an earlier stage of the process.

**EFFECTIVE DATE:** This final rule is effective November 13, 1995.

**FOR FURTHER INFORMATION CONTACT:** Richard A. White, Office of the General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, (202) 208-0491.

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## I. Introduction

The Federal Energy Regulatory Commission (Commission) hereby adopts procedural rules governing the form and composition of interstate natural gas pipeline tariffs and the filing of rates and charges for the transportation of natural gas in interstate commerce under sections 4 and 5 of the Natural Gas Act (NGA) and section 311 of the Natural Gas Policy Act. This rule is a companion to the final rule, issued concurrently, titled "Revisions to the Uniform System of Accounts and to Forms and Statements and Reporting Requirements for Natural Gas Companies" which amends, among other things, the Uniform System of Accounts and FERC Form No. 2.

The Commission intends to make the filing and reporting requirements reflect recent regulatory changes, in particular the implementation of Order No. 636, and the realities of the process of a modern rate case.<sup>1</sup> The restructuring of

the pipeline industry has rendered many of the current rate and tariff regulations superfluous or outdated. The Commission is adopting filing requirements that reflect the current part 284 service regulations that mandate unbundled pipeline sales and open-access transportation of natural gas. The current part 154 rate regulations are not designed for the type of rate changes that will occur in the restructured service environment. These filing requirements were originally designed to focus on pipeline sales activities. The revised regulations focus on transportation services.

Before the recent industry restructuring, natural gas pipelines primarily provided a merchant service. A typical pipeline company would purchase gas from producers or other suppliers, transport the gas from the supply area to storage fields or sales delivery points, and sell the gas on a bundled basis. Now, pipeline companies are primarily transporters of natural gas. This change in the primary role of the pipeline from merchant to transporter requires that the filing requirements be adapted to the change. Accordingly, the Commission is deleting all of the current regulations in part 154 and replacing them with new regulations that reflect the restructured industry.

Kern River requests clarification that the companion rules are pursuant to section 5 of the NGA. The clarification is denied. Section 5 specifically gives the Commission the power to change any rule, regulation, practice or contract that the Commission finds to be unjust, unreasonable, unduly discriminatory or preferential. The Commission's power to prescribe rules, regulations and statements of policy of general applicability with respect to any function under its jurisdiction is derived from section 402 of the Department of Energy Organization Act and section 16 of the NGA. The instant rule is more appropriately considered to be promulgated pursuant to the latter authorities.

The changes to the Commission's regulations are effective November 13, 1995.

## II. Public Reporting Burden

The subject final rule will effect seven of the Commission's existing data collections. However, only one of these data collections will have a net change

(reduction) in reporting burden. The final rule reflects many of the changes suggested in industry comments filed in response to Commission's Notice of Proposed Rulemaking. In particular, the joint comments of The Interstate Natural Gas Association of America (INGAA) and the American Gas Distributors (AGD) were helpful.

The final rule is expected to reduce the existing reporting burden associated with FERC-545, Gas Pipeline Rates: Rate Change (Non-Formal) (OMB Control No. 1902-0154) (FERC-545) by an estimated 136,785 hours annually—an average of 172.9 hours per response. As a result of the final rule, the annual reporting requirement under FERC-545 is estimated to total 36,068 hours based on an expected 650 filings per year. A copy of this rule is being provided to Office of Management and Budget (OMB).

The Commission estimates the public reporting burden for data collected under FERC-545 will average approximately 55.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Six other existing data collections are affected by the changes in regulations.<sup>2</sup> However, no net change in the reporting burden of those affected data collections is expected because of off-setting increases and decreases within each respective data collection. FERC-545 is the only data collection under which a net change (reduction) in reporting burden is expected as a result of the changes in filing requirements adopted by the Commission in the subject final rule.

Interested persons may send comments regarding these burden estimates or any other aspect of these

<sup>2</sup> Five existing data collections affected by the subject final rule but with no net change in industry reporting burden, are:

FERC-542, Rate Change and Tracking (1902-0070);

FERC-543, Rate Tracking (Formal) (1902-0152);

FERC-544, Gas Pipeline Rates: Rate Change (Formal) (1902-0153);

FERC-546, Certificated Rate Filings: Gas Pipeline Rates (1902-0155); and

FERC-547, Refund Report Requirements (1902-0084).

Under the above data collections plus FERC-545, net reductions in reporting burden have totaled more than 355,000 hours to date as a result of Order No. 636. Such reductions have been reflected in separate clearance packages previously reported to the Office of Management and Budget (OMB).

A sixth existing data collection, FERC-542(A), Tracking and Recovery of Alaska Natural Gas Transportation System (ANGTS) Charge (1902-0129), which has conditional OMB approval on a "standby" basis, is terminated under the final rule.

<sup>1</sup> Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol, Order No. 636, 57 FR 13267 (April 16, 1992), *FERC Statutes and Regulations* ¶ 30,939 (April 8, 1992); *order on reh'g*, Order No. 636-A, 57 FR 36128 (August 12, 1992), *FERC Statutes and Regulations*

¶ 30,950 (August 3, 1992); *order on reh'g*, Order No. 636-B, 57 FR 57911 (December 8, 1992), 61 FERC ¶ 61,272 (1992), *reh'g denied*, 62 FERC ¶ 61,007 (1993), *appeal pending sub nom. United Distribution Co., et al. v. FERC*, No. 92-1485, *et al.* (D.C. Cir. Feb. 8, 1995).

collections of information, including suggestions for further reductions of burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Michael Miller, Information Services Division, (202) 208-1415, FAX: (202) 208-2425). Comments on the requirements of this final rule may also be sent to the Office of Information and Regulatory Affairs of OMB, Washington, DC 20503 (Attention: Desk Officer for Federal Energy Regulatory Commission, (202) 395-6880, FAX: (202) 395-5167).

### III. Background

On December 16, 1994, the Commission issued a Notice of Proposed Rulemaking proposing a major overhaul of its regulations governing natural gas company filing and reporting requirements.<sup>3</sup> The Commission is determined to issue sensible regulations that impose the least burden without sacrificing rational and necessary protections.<sup>4</sup> The Commission is not changing its substantive rate policies in this rulemaking, but rather bringing its filing requirements and procedures up to date to match its current substantive policies. In the interest of an expeditious process, the regulations have been revised with a view toward removing any industry-wide filing burdens that are not generally needed to analyze a proposal. The revised regulations are designed to provide the Commission and interested parties with the information generally required to access and process a rate filing. Where more information is needed, it may be collected on an individual case basis. This achieves a realistic balance between the public interest and the needs of the industry.

The Commission received many comments on the NOPR.<sup>5</sup> Additionally, on August 17, 1995, AGD and INGAA filed joint comments to both this and the companion rule (Agreement).<sup>6</sup> The

Commission found the Agreement both informative and helpful as it clearly sets out the positions and interests of a fairly large representative group of pipelines and customers.

The Final Rule reflects many of the proposals in the Agreement. The suggestions concerning the restructuring of Statement G, the concurrent filing of Statement P, and the reduction in material required to support a filing, are reflected in the Final Rule, as more fully explained in the discussion of Statement G, *supra*. However, the Final Rule does not, automatically, accord confidential treatment to Statement G, as proposed in the Agreement, which is also discussed *supra*.

The NOPR proposed to delete many filing requirements. After analyzing the comments in light of its current goals, the Commission has determined to delete even more of the current filing requirements, not include many proposed filing requirements, and further modify many other current and proposed regulations. Specific reductions in reporting requirements follow:

All the filing requirements of current §§ 154.201-213 have been deleted. Those regulations apply to shippers seeking to recover charges incurred for the conditioning and transportation of Alaska natural gas through the Alaska Natural Gas Transportation System (ANGTS) for sale in the contiguous 48 states of the United States.

Current § 154.38(e), requiring that the minimum bill heading appear on every schedule is deleted.

Current § 154.67(b), requiring annual reports, is deleted.

Current Schedule E-5, showing the computations, cross-references and sources from which the data used in computing claimed working capital are derived, is deleted.

Current Schedule H(1)-2, cost of purchased gas, is deleted.

Current Schedule H(3)-1, reporting the reconciliation of book and taxable net income for a pipeline, is deleted.

Current Schedule H(3)-2, reporting the differences between book and tax depreciation on a straight-line basis and the excess of liberalized depreciation for tax purposes, is deleted.

Current Schedule I-5, requiring information on metering points and units, is deleted.

Current Schedule I-6, Three-day peak deliveries, is deleted.

Current § 154.42, dealing with the price of gas, is deleted.

Proposed § 154.309 has been modified by removing the requirement to report "every major expansion since the pipeline's last rate case."

Proposed Schedule C-2, Plant in Service as Adjusted, showing the proposed test period Adjusted Plant by function, has not been included in the final rule.

Proposed Schedule D-2, Projected End of Test Period Depreciation Reserves Functionalized, showing the ending test period balance of accumulated depreciation reserve, has not been included in the final rule.

Proposed Schedule E-3, which was to be filed by companies with PGA clauses, has not been included in the final rule.

Proposed Schedule H-1(1) has been modified by removing the requirement to report the rate assigned for reflecting an expense for gas used on the system. Only the volumes will be required.

Proposed Schedule H-1(2)(a), which was to be filed by companies with PGA clauses, has not been included in the final rule.

Proposed Schedule H-1(2)(b), which was to be filed by companies with PGA clauses, has not been included in the final rule.

Proposed Schedule H-1(3)(b), Account 813, Other Gas Supply Expenses, has not been included in the final rule.

Proposed Schedule H(2)-1 requiring the reporting of the reconciliation of depreciable plant to gas plant was incorporated into Schedule H(2).

Proposed § 154.314 provided that in addition to the workpapers accompanying the filing, certain material, related to the test period, must be provided to the Commission on request. This requirement has been removed from the final rule. Parties to a hearing may seek this information through the discovery process.

### IV. Discussion

#### *A. Overview and Objectives of the Final Rule*

Section 4(a) of the Natural Gas Act (NGA) requires that any rate charged by a natural gas company must be "just and reasonable."<sup>7</sup> In order to aid the Commission in establishing whether a change in a rate meets the statutory standard, section 4 of the NGA grants authority to the Commission to establish procedures for the review of proposed changes. Section 4(c) of the NGA requires that a natural gas company file proposed changes in rates with the Commission thirty days prior to the proposed effective date.<sup>8</sup> The Commission may suspend the effectiveness of the proposed changes to

<sup>3</sup> Filing and Reporting Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs, 60 FR 3111 (January 13, 1995), IV FERC Stats. & Regs. ¶ 32,511 (1995).

<sup>4</sup> This effort is consistent with the President's directives in his memo dated 3/4/95 concerning the National Performance Review to, among other things, eliminate or revise outdated regulations, and to move from a process that creates volumes of regulations to issuing "sensible regulations that impose the least burden without sacrificing rational and necessary protections."

<sup>5</sup> See Appendix B for a list of commenters.

<sup>6</sup> Agreement Between Associated Gas Distributors (AGD) and The Interstate Natural Gas Association of America (INGAA) on Issues Related to Filing Requirements, filed August 17, 1995. The agreement was in addition to the individual comments provided by AGD, INGAA, and their members. It was an attempt to resolve various differences and reflected compromises in the positions of AGD and INGAA.

<sup>7</sup> 15 U.S.C. 717c(a).

<sup>8</sup> 15 U.S.C. 717c(d).

that rate for up to five months, permit the changed rates to take effect subject to refund, and may order a hearing to determine the lawfulness of the proposed rates.<sup>9</sup> At such hearing, the company bears the burden of proof that the proposed changed rates are just and reasonable. Part 154 imposes specific filing and reporting requirements on jurisdictional natural gas companies in order for the Commission to fulfill its statutory review functions.

This proceeding represents a major overhaul of the regulations governing natural gas company filing and reporting requirements. The new part 154 incorporates both basic "housekeeping" changes to eliminate obsolete language and sections, and substantive changes to update the regulations to reflect the many developments that have taken place in the natural gas industry since the regulations were first promulgated.

The revised part 154 represents the reorganization, rewriting, updating, modification, consolidation, and pruning of the current regulations. The changes provide for more useful and less burdensome data filed in electronic format; a schedule by schedule revision of the current § 154.63 filing requirements for an NGA section 4(e) general rate case; and, new filing requirements for initial rates and various limited section 4 filings, miscellaneous tariff change filings, and cost tracking filings.

#### 1. Organization and Editorial Changes

Part 154—Rate Schedules and Tariffs has been reorganized into subparts: Subpart A—General Provisions and Conditions; Subpart B—Form and Composition of Tariff; Subpart C—Procedures for Changing Tariffs; Subpart D—Material to be Filed With Changes; Subpart E—Limited Rate Changes; Subpart F—Refunds and Reports; Subpart G—Other Tariff Changes.

The revised part 154 is organized in such a way that the filing requirements are cumulative. That is, all filings must meet the requirements of subpart A even if no other subpart applies. All tariff sheets or executed service agreements must conform to the requirements of subpart B. Changes to tariff sheets or executed service agreements, whether additions or modifications, must conform to the requirements of subpart B and comply with the filing requirements of subpart C. Additional filing or reporting requirements applicable to specific types of filings fall under subparts D through G.

The entire part 154 has been edited for clarity and to remove outdated references. For example, all references to filing fees have been removed because fees are no longer required for interstate pipelines. Also, the current regulations contain some sections which have never been updated and refer to the Commission as the "FPC" or direct the applicant to comply with sections that have been removed. The Commission has made appropriate editorial revisions to these sections.

Some current sections contain provisions on several different matters and, for the sake of clarity, have been broken out into several smaller sections. For example, the provisions of current § 154.63 are redistributed throughout the revised part 154. Current § 154.38(d) (5) and (6) deal with the substantive rules for obtaining rate treatment for research, development, and demonstration costs (RD&D) and annual charge adjustment (ACA) expenditures, respectively. These sections are moved to a separate subpart and revised.

Many provisions are redrafted to reflect the prevalent practice in the industry. For example, revised § 154.208 formally adds to the regulations the requirement that the company must serve notice upon its customers. Revised § 154.209 sets out a new form of notice to reflect current practice. Revised § 154.107 formalizes the general practice of providing a detailed statement of rates and charges in a particular location in the tariff. Revised § 154.2(d) allows mailing to customers and state commissions to be accomplished either through electronic media or traditional methods.

#### 2. Substantive Changes

The changes create filing requirements that reflect the current policies and regulations that mandate unbundled pipeline sales and open-access transportation of natural gas. The primary objectives of the substantive changes are to update the filing and reporting requirements to reflect restructured services and operations, streamline rate case processing by receiving important information earlier in the process, and remove outdated requirements.

The revised filing requirements permit parties to address the important issues more quickly. For example, pipelines currently file their Statement P testimony 15 days after filing the rate proposal. The Commission's experience is that Statement P provides the most comprehensive description of the proposed change. The rule requires Statement P to be filed concurrently with the rate case so as to make a more

complete explanation of the rate proposal available at the outset. To achieve its intended purpose of expediting the hearing, Statement P must serve as the applicant's complete case-in-chief, not a mere description of proposed rates.

INGAA, Panhandle, ANR/CIG, KNI, MRT, and Great Lakes state that the proposed regulations would increase the burden to the pipeline industry. Panhandle attached a study showing that the number of hours needed to prepare a section 4 filing would increase by 77% and the paperwork would triple. Panhandle states that the study reflects estimates of time required to prepare a rate filing, responses to staff data requests and, the proposed quarterly updates. Panhandle states that the quarterly updates account for a substantial portion of the increased burden and that 88 percent of the increased burden could be eliminated if pipelines were permitted to submit supplemental testimony as the need arises (i.e., Statement P does not represent the "sole" case-in-chief).

As discussed supra, the proposed quarterly update provision has not been included in the final rule. Proposed § 154.311 has been modified to only require one update; and so, that portion of the increased burden has been substantially reduced. Statement G and associated schedule requirements have not been expanded as proposed. Revised Statement G does not require the customer specific information as proposed in the NOPR; and so, that portion of the increased burden has also been eliminated.

It was unclear from the material provided by Panhandle whether the study considered that filing Statement P with the initial filing is an increase to the filing burden. The Commission remains firm in the belief that the requirement for a fuller, complete Statement P presented at the beginning of a rate case reduces the overall burden to the parties to the hearing. The Commission does not expect that this requirement will entirely remove the need for data requests and discovery in all instances. However, it is the pipelines' statutory burden to demonstrate that proposed rates are just and reasonable. When the rates cannot be determined to be just and reasonable by the filed material alone, a hearing must be established. This rule represents a concerted effort to avoid lengthy hearings. One way to expedite the process is to get the information needed to make the determination (Statement P) to the Commission and other parties sooner than under the current regulations. This does not

<sup>9</sup> 15 U.S.C. 717c(e).

increase the burden to the pipeline but changes only the timing of the submission.

Certain regulations are, as a practical matter, no longer of general interest. The Commission has removed them from the general regulations. The regulations concerning Research, Development, and Demonstration expenses (RD&D) for example, are currently a lengthy and cumbersome part of § 154.38. These regulations were originally developed to apply to all pipelines and to any number of RD&D organizations. However, in practice, there is one predominant and principal research organization, Gas Research Institute (GRI). Thus, the Commission has streamlined the regulations, recognizing that GRI is the principal research organization funded by the natural gas industry.

The Commission has removed the regulations governing Purchase Gas Adjustments (PGAs) from the general regulations. As a result of the restructuring of the industry under Order No. 636, most pipelines have shed their traditional merchant function. At the time this rule is being written, only two natural-gas companies, Eastern Shore Natural Gas Company and West Texas Gas, Inc., continue to pass through gas purchase costs under the PGA regulations.<sup>10</sup> The Commission will now require these natural-gas companies to incorporate all of the existing PGA regulatory requirements applicable to it into their tariffs if they are not open-access by the effective date of this rule.<sup>11</sup> The PGA regulations are removed from part 154. The Commission also requires the provisions governing PGAs in current § 154.111 to be incorporated into these companies' tariffs and that section is also removed.

The Commission has deleted current §§ 154.201–213. Those regulations apply primarily to shippers seeking to recover charges incurred for the conditioning and transportation of Alaska natural gas through the Alaska Natural Gas System (ANGTS) for sale in the contiguous 48 states of the United States. Those provisions establish the terms and conditions for a permanent tariff provision that a shipper may propose to adjust its rates semiannually to flow through to its jurisdictional customers the jurisdictional portion of changes its ANGTS charges.

Alternatively, a shipper may recover the jurisdictional portion of these charges through a cost-of-service tariff approved by the Commission.

The Commission has deleted these regulations because the ANGTS project has not been built as originally contemplated, and the regulations are obsolete in light of the post-Order No. 636 unbundled environment. Nonetheless, the Commission remains ready to facilitate the construction of ANGTS, which Congress has found to be in the public interest.<sup>12</sup> Hence, if action is warranted in the future to facilitate financing and progress on the ANGTS and the recovery of ANGTS costs, the Commission will act expeditiously. What was stated in Order No. 636—A applies here as well: “nothing in the rule (Order No. 636) is intended to disturb the United States government's commitment to the ANGTS prebuild.”<sup>13</sup> Further, the Commission continues to view the Northern Border Pipeline Company prebuild segment as remaining subject to the various agreements between the United States and Canadian governments and subsequent findings in Commission orders certifying Northern Border's system.<sup>14</sup> Removing these regulations is not intended to have any effect on the ANGTS prebuild revenue stream.

#### B. The Revised Regulations

The revised part 154 has a completely new organization from the current regulations, and virtually every section has been changed in some way. The text has been edited to remove outdated and incorrect references, and rewritten in a more concise style. Although many filing and reporting requirements have not been changed, they have been relocated. The revised regulations may be best understood by a comparison to the current regulations they replace.<sup>15</sup> Details of the revised regulations are provided below along with a discussion of the comments.

#### 1. Subpart A—General Provisions and Conditions

a. *Section 154.1 Application; obligation to file.* The Commission has included as § 154.1(b) the description of the purpose of part 154, which is currently set forth in § 154.1(a). That purpose reflects the requirement of

Section 4(c) of the NGA that every natural gas company must file with the Commission, and maintain open for public inspection, its schedules and contracts.<sup>16</sup>

The Commission has deleted outdated language (i.e., “On or after December 1, 1948”). The Commission is removing the electronic medium requirements from current §§ 154.1 (b) and (c) and placing them in new § 154.4.

Section 154.1(c) replaces without change current § 154.22, which states that no natural gas company may file a new or changed rate schedule or contract for service for which a certificate of public convenience and necessity or certificate amendment must be obtained pursuant to section 7(c) of the Natural Gas Act, until such certificate has been issued.

Williston states that § 154.1(c) only prolongs the approval process and delays implementation of services. Williston suggests allowing a new or changed rate to be filed concurrently with the certificate filing.

This section imposes no additional requirements from current § 154.22. However, the Commission clarifies that, although a pipeline may not file to incorporate a rate schedule in its tariff for which section 7(c) authorization is required but for which section 7(c) authorization has not yet been granted, it does not prohibit a pipeline from proposing an initial rate in its certificate application under section 7(c). Since the Commission has adopted the practice of granting blanket certificates for services, this provision will be applied most often to new companies which have not previously been subject to the Commission's jurisdiction and do not have a tariff on file.

New § 154.1(d) requires that any executed service agreement which deviates in a material aspect from the form of service agreement in a pipeline's tariff must be filed with the Commission. This requirement codifies current Commission policy.<sup>17</sup>

INGAA proposes various alternatives that limit the extent to which information on contractual terms and conditions will be available to the public.

Midcon urges the Commission to delete the requirements to file commercially sensitive information. Midcon also suggests that the proposal be deleted or clarified to state that

<sup>10</sup> These pipelines do not provide open access transportation under part 284 of this chapter; and so, were not subject to restructuring under Order No. 636.

<sup>11</sup> Eastern Shore is required by a settlement to apply to become an open-access pipeline no later than January 1, 1996. 72 FERC ¶ 61,176 (1995).

<sup>12</sup> Alaska Natural Gas Transportation System Act, 15 U.S.C. § 719–719.

<sup>13</sup> Order No. 636—A, III FERC Stats. & Regs. Preambles ¶ 30,950 at p. 30,674 (1992).

<sup>14</sup> Northern Border Pipeline Co., 63 FERC ¶ 61,289 (1993).

<sup>15</sup> Appendix A is a finding guide between current and revised regulations.

<sup>16</sup> 15 U.S.C. 717c(c).

<sup>17</sup> See, Tennessee Gas Pipeline Company, et al., 65 FERC ¶ 61,356 (1993); *reh'g denied*, 67 FERC ¶ 61,196 (1994). INGAA, CNG, Midcon, NGSA, and Columbia believe that § 154.1(d) requires public disclosure of contract provisions and may negatively affect private contracts.

discount agreements do not "deviate in any material aspect." Further, Midcon suggests, any such contracts must be exempt from the FOIA.<sup>18</sup>

Pacific Northwest Commenters urge the Commission to be more specific as to what deviations or substantive additional provisions will trigger this filing requirement. Columbia objects to § 154.1(d) as too broad and requests that the Commission clarify that specifically drafted provisions addressing flow rates, pressure obligations, maximum delivery obligations, term, and other "tariff-contemplated" items are not "material" deviations.

IPAA and NI-Gas support the requirement. IPAA states that the legal concept of materiality may depend upon "where one resides in the food chain" and suggests that all deviating agreements be filed.

The use of forms of service agreements as the basis of contracts between a pipeline and its customers ensures that there are no unreasonable differences among the rates, charges, services, facilities, or otherwise of the pipeline's customers. Having made the determination that the form of service agreement in the tariff is just and reasonable, the Commission does not necessarily have to review every contract to determine if it complies with the requirements of the NGA. Thus, a contract that conforms to a pro forma service agreement need not be filed with the Commission because the Commission has already considered and determined that the pro forma service agreement is just and reasonable. Likewise, any contract that deviates in a material way from a pro forma service agreement must be evaluated anew to determine that it is not unjust, unreasonable, preferential, or otherwise unacceptable. The Commission does allow parties to negotiate additional mutually agreeable terms and conditions in their service agreements, but where the terms differ materially from those in the form of service agreement, the pipeline must seek authorization for these modifications from the Commission under section 4 of the NGA.<sup>19</sup>

The Commission agrees that "materiality" is likely to vary with the circumstances of the case. Therefore, it is better to allow the term to remain less strictly defined in order that the particular facts of a given contract will determine whether the deviation is material and needs to be filed. The Commission also agrees that provisions

such as those addressing flow rates, pressure obligations, maximum delivery obligations, receipt and delivery points, and term would not normally be expected to be "material" deviations. Such provisions could easily be drafted into the fixed language of the pro forma service agreements or a blank space could be provided for insertion according to the agreement of the parties. Likewise, rates that fall between the maximum and minimum rates permitted for the rate schedule would not be considered to be material. In either case, there would be no deviation from the Commission approved pro forma service agreements contract.

b. *Section 154.2 Definitions.* The Commission defines terms of general applicability in § 154.2. The Commission is proposing stylistic changes only to definitions for: "Rate Schedule," currently in § 154.11, "Contract," currently in § 154.12, "Service Agreement," currently in § 154.13, and "Tariff or FERC Gas Tariff," currently in § 154.14. "Posting," currently in § 154.16, has been defined to allow the parties to agree to alternative methods of "mailing" such as electronic mail.

Williston states that the definition of "rate schedule" in § 154.2(e) is unclear as to whether a "sale of natural gas" pertains to the price charged for gas sold by a pipeline's sales division. Williston states that such information is proprietary and should not be included in the rate schedule.

The definition of "rate schedule" is substantially the same as in the current regulation and tracks the language of the NGA.<sup>20</sup> Williston has not persuaded us to change the definition.

c. *Section 154.3 Effective Tariff.* The Commission describes the term "Effective tariff" in § 154.3, currently § 154.21. The description clarifies that a pipeline may not avoid filing for a rate change by making the rate subject to an exception or condition, such as a periodic rate change under a price index. At present this concept is found in § 154.38(d)(3).

AGD requests clarification that § 154.3(b) is not intended to cause incentive rates to be rejected. SoCal urges the Commission not to prohibit index adjustments submitted as part of a settlement or where supported by the facts.

The regulation does not prohibit index adjustments or incentive rates when authorized by the Commission. The regulation only prevents a change from occurring automatically, without Commission authorization. The

regulation is consistent with the statutory obligation of the Commission to review all proposed rate changes for adherence to the just and reasonable standard.

d. *Section 154.4 Electronic and Paper Media.* Current § 154.26 generally calls for 6 paper copies and requires rate filings to be submitted electronically. New § 154.4 continues to require electronic media filings in addition to paper copies. Generally, it calls for an original and 5 paper copies but requires an original and 12 paper copies of filings made pursuant to subpart D.

The new section consolidates in one place the Commission's requirements with respect to electronic submittal of filings required by part 154. Currently, these requirements are strewn throughout part 154, often redundantly.

The appendix to the NOPR included updated electronic tariff filing formats as well as tariff pagination guidelines.<sup>21</sup> The revised formats take into consideration improvements in the FASTR software which reads the tariff ASCII files submitted by the companies to the Commission.<sup>22</sup> The NOPR proposed that all companies that had not restated their tariffs, do so, electronically on or before June 1, 1995. That date has passed. Therefore, all companies that have not restated their tariffs must do so, electronically on or before January 26, 1996.

Columbia seeks clarification as to whether the requirement under § 154.4(a) that 6 (the NOPR had proposed 6 paper copies) paper copies be filed, applies to the quarterly updates under proposed § 154.311. The quarterly update requirement has not been included in the final rule as originally proposed; however, the paper copy requirement applies to any updates which are required.

El Paso does not support the increase in the number of paper copies to be filed. As discussed *infra*, the Commission is suspending electronic filing of proposed changes in rates. Until electronic filing is reinstated, the Commission will continue to require 12 paper copies of rate case data. At the time electronic filing is reinstated, the Commission will make any appropriate adjustment to the paper copy requirements.

INGAA states that electronic filing should be the rule; in order to receive

<sup>21</sup> The formats for the electronic filing and paper copy can be obtained at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, Washington, D.C. 20426.

<sup>22</sup> On February 28, 1990, the Commission issued the "Notice of Tariff Retrieval System Software Availability," otherwise referred to as the FASTR software package.

<sup>18</sup> See the discussion on confidentiality, *infra*.

<sup>19</sup> *Id.* See also, Mojave Pipeline Company, 57 FERC ¶61,300 (1991).

<sup>20</sup> 18 U.S.C. 717c(c).

documents in another medium, the customer should have to demonstrate its lack of ability to retrieve information electronically. ANR/CIG suggests that the option should be the pipeline's where the customer is able to receive information electronically. El Paso suggests the filing of documents by electronic means such as telecommunications or upload to the OPR Bulletin Board.

El Paso and Columbia support electronic service of filings upon parties rather than service on paper. According to Columbia, parties should be required to demonstrate their inability to receive electronic service. Service could be accomplished through a central electronic library of filings, from which copies could be made, or through electronic transmission through the EBB or other communication links. El Paso suggests the **Federal Register** notice be the only paper document served on customers. The remaining portions of a filing should be placed on the pipeline's EBB with the ability to view and download. This enhancement to the EBB would promote timely access to relevant information.

The Commission will not require customers to accept only electronic versions of a pipeline's filings at this time. The new electronic filing requirements are not yet finalized. No testing has been done. It will take some time before anyone can be comfortable with solely electronic filing. Therefore, until all of the issues related to electronic only filing can be resolved, parties must continue to receive paper copies of the filing. As the industry gains more experience with electronic filings, parties may elect to receive only an electronic version of the filing. The decision to send or receive an electronic filing should be arrived at by mutual consent of the pipeline and the interested party as noted in § 154.2(d).

*e. Section 154.5 Rejection of Filings.* Section 154.5 states that filings, that would prejudice the Commission in the discharge of its duty to decide whether or not to investigate and suspend the increased rates contained in the filing, will be rejected by the Director of the Office of Pipeline Regulation. This section merely recognizes, in these rate and tariff filing requirements, the existing power of the Director of the Office of Pipeline Regulation to reject tariff or rate schedule filings pursuant to the authority delegated to the Director by the Commission in § 375.307(b)(2) of the Commission's regulations.

Proposed § 154.5 replaced current § 154.15 with a definition of filing date based on § 35.2(c) of the Commission's regulations for public utilities under the

Federal Power Act. The rule, as proposed, would allow the Director of the Office of Pipeline Regulation to notify a natural gas company that its filing is rejected within 15 days of receipt of the document. Under this proposal, the date of receipt stamped by the Secretary would not necessarily be the officially recognized filing date.

This proposed regulation was met with approval by some commenters such as APGA, Brooklyn Union, and AGD. However, others such as Columbia and El Paso object to the proposal that the stamped date is not necessarily the filing date. INGAA seeks clarification that the date the pipeline submits its filing to the Secretary is the filing date for determining compliance. INGAA and ANR/CIG state that the Commission already has the authority to reject rate filings if deemed incomplete; so, the proposal should be rejected because it may only create confusion as to the official filing date.

Columbia argues that 15 days is more time than necessary and creates uncertainty in trying to project and place rates into effect as of a date certain. Panhandle states that the status of interventions and protests would be unclear during the 15 days. Northwest/Williams states that 7 days is sufficient for the Director's notice. Northwest/Williams suggests that "procedural" revisions should be allowed within 2 days without effecting the filing date.

Pacific Northwest Commenters recommends that the Commission issue a notice that a filing is deemed incomplete, suspend any applicable dates triggered by the original filing, and allow an additional 8 business days for further protests or comments.

Columbia proposes that a modification permit pipelines to supplement deficient filings rather than being rejected where the deficiency is not substantive.

Arizona Directs sees conflict between this regulation and § 154.209. Arizona Directs states that there is no proposed requirement that a filing be deemed complete before the NGA section 4(d) 30-day notice period begins. Arizona Directs states that it would be burdensome for customers to review, intervene, and comment upon a filing deemed incomplete. Arizona Directs suggests that a new comment period be established with respect to the entire complete application, not just the corrected portion. Further, public notice should be given whenever a filing is deemed incomplete, and a second notice issued designating the date the filing is deemed complete and filed and establishing a new intervention, protest, and comment deadline. Arizona Directs

suggest that the rule provide that a section 4 rate filing is not accepted for filing within the meaning of section 4(d) until after the end of a 15-day public review period and a staff finding that the filing is complete. Then, a notice could issue establishing the 10-day comment period.

NGSA suggests retaining the current provision or modifying the proposal to start a 15-day comment clock after the Director's review period.

Panhandle states that the determination by the Director that a filing is incomplete is tantamount to a rejection or a summary judgment. Panhandle states that filings should not be rejected if they are in substantial compliance with the regulations. Panhandle states that the proposal allows the Director to decide rate cases on isolated components without further proceedings.

Consumers Power does not object to the Director making the determination of incompleteness but believes the Commission should provide specific guidance as to conditions for rejection.

INGAA states that the Director's discretion should be limited so that rejection does not take place where: in a section 4 case, a good faith effort was made to include all of the required statements and schedules; information has not been provided for which a legitimate or routine waiver has been sought; information is provided under seal with a request for confidential treatment.

Panhandle suggests modifying the regulation to read that the "Secretary" shall reject any material "which patently fails to substantially comply with the applicable requirements."

INGAA states that the proposed regulation would create practical problems. If the Commission rejects a filing and establishes another filing date, the pipeline could be in violation of the requirement that the data be based upon a period ending not more than 4 months prior to the filing date. A delay in the start of the 30-day notice period could leave the pipeline without authorization to provide services set to coincide with the expiration of old contracts.

Although several commenters supported proposed § 154.5, most commenters either opposed the regulation or requested substantial modifications to the proposed section. Because of the confusion and uncertainty that may be created by the proposed regulation and the numerous procedural problems raised by the commenters, the Commission is not adopting § 154.5 as proposed. New § 154.5 is an indication of the

Commission's intent to have the Director reject filings that do not comply with the filing requirements promulgated by this order.

Finally, because the Commission is not adopting proposed § 154.5, the definition of filing date contained in current § 154.15 is retained in new § 154.2(f).

f. *Section 154.6 Acceptance for filing not approval.* New § 154.6 replaces current §§ 154.23 and 24. The rejection language of § 154.24 is amended and the reference to fees is deleted.

g. *Section 154.7 General Requirements for the Submission of a Tariff Filing or Executed Service Agreement.* Section 154.7 is a new section setting forth the content of a tariff filing or executed service agreement. In part, new § 154.7 reflects the requirements of current § 154.63(b)(1). New § 154.7 concerns all filings of tariff sheets and executed service agreements. In light of the short time period in which the Commission and interested parties have to review the filing, several items have been added to speed processing of the filing and minimize additional requests for information. These include an expanded definition of the reference to the authority under which the filing is made, addition of the name and telephone number of an official able to respond to questions regarding the filing, and clarification of the contents of the statement of the nature, reasons, and basis for the filing.

Section 154.7(a)(9) requires that the transmittal letter contain either a motion, in case of minimal suspension, to place the proposed rates into effect at the end of the suspension period; or, a specific statement that the pipeline reserves its right to file a later motion to place the proposed rates into effect at the end of the suspension period.

APGA supports the requirement to provide a detailed statement of the nature, reasons, and basis for any rate filing.

Columbia suggested that the proposed § 154.7(b) be modified to refer to the posting requirements of § 154.2(d) as sufficient service. Columbia also states that filings should be provided only to firm customers, not "affected" customers. Although these suggestions have not been adopted, the service requirements have been further refined and reduced as discussed supra.

NI-Gas suggests that § 154.7(a)(2) be modified to require that the transmittal letter include an address suitable for overnight delivery as opposed to a PO Box and a facsimile (FAX) number. The Commission has required a telephone number in the transmittal letter to

provide for those situations where an intervenor needs clarification or detects a problem with a filing that could best be resolved by a phone call. The address is required by § 154.102 to be on the title page of the tariff. There is no need for it to also be in the transmittal letter.

Northwest/Williams requests clarification whether the letter of transmittal and certificate of service are to be submitted on electronic media. These items are not required to be submitted on electronic media. Section 154.4(a) lists those filings that must be filed electronically. As discussed in the section on electronic filing, the Commission does not intend to require that all filings be made electronically.

h. *Section 154.8 Informal Submission for Staff Suggestions.* Section 154.8 replaces current § 154.25.

## 2. Subpart B—Form and Composition of Tariff

a. *Section 154.101 Form.* Section 154.101 replaces current § 154.32. The Commission is proposing to eliminate the requirement that electronic media record format duplicate the page size, borders, and margins of the paper copy. The electronic filing requirements are in new § 154.4. In addition, the Commission has eliminated the requirement of a binder.

b. *Section 154.102 Title Page and Arrangement.* Section 154.102 replaces current § 154.33. The Commission has eliminated the reference to § 154.52, as special exceptions are covered by new § 154.112. The Commission has also eliminated the requirement of a binder. The Commission now requires that the numbering of sheets be as provided in the Tariff Sheet Pagination Guidelines.<sup>23</sup>

Currently, compliance with these guidelines is optional although the Commission has required use of the pagination guidelines in individual cases. Many companies have already voluntarily adopted the Commission's guidelines. The Commission now makes these guidelines mandatory. The guidelines provide the only means to ensure that tariff sheets are in the proper order in the Commission's electronic database. The guidelines also provide the basic knowledge necessary to create a sorting methodology for any party that wishes to create a database. Most importantly, the guidelines help to create a clear guide to the succession of tariff sheets.

MoPSC suggests the title page of each volume of a pipeline's tariff contain a

phone number which customers and interested persons may call to make inquiries about those tariffs.

NI-Gas suggested that communications information be expanded to include an address suitable for overnight deliveries. Many pipelines use post office boxes for their general mail deliveries, but expedited delivery services cannot make deliveries to such locations. NI-Gas also recommends that the information should include a fax number, so that requests for additional information can be promptly delivered and forwarded.

NGSA recommends tariff sheets be clearly distinguished from each other as being one of the following: (1) Proposed, (2) accepted but subject to refund, and (3) approved. It often becomes very confusing as to whether the tariff being identified is currently effective (i.e., the rate currently being charged) or is to become effective on the date proposed in the filing.

The Commission finds that the proposal to add a telephone number and a fax number to the title page has merit. The regulations currently require, on the title page, the name and address of a person to whom communications concerning the tariff should be sent. A few pipelines provide a telephone number and/or a fax number on the title page now. Inclusion of a telephone number and a fax number on the title page will be made mandatory. This modest addition should foster communication about the tariff.

Pipelines are fairly evenly divided between those who put a post office box number on the title page and those who put a street address. The Commission does not believe it is burdensome to provide a street address instead of, or in addition to, the post office box number.<sup>24</sup> This suggestion will be adopted.

The Commission will not adopt the suggestion that the tariff sheets carry designations as suggested by NGSA. Adoption of this suggestion will require the pipelines to make filings of tariff sheets simply to change the status designation. This would consume additional pipeline and Commission staff resources. The tariff sheets available to the public at the Commission's Washington, DC headquarters are marked in the way suggested by NGSA. The electronic tariff sheets, in a format readable by the Commission's software, can be downloaded from the Commission's

<sup>23</sup> The guidelines and electronic filing instructions for tariff sheets may be obtained at the Federal Energy Regulatory Commission, Public Reference and Files Maintenance Branch, Washington, DC 20426.

<sup>24</sup> Those pipelines who prefer communications to be addressed to a post office box number may wish to present the address information in the way Northern Border Pipeline Company does. The street address is noted specifically as the courier address.

bulletin board system. In this format, the tariff sheets each carry a status indicator: proposed, effective, superseded, withdrawn, rejected, or suspended. The tariff sheets also indicate if the order acting on the sheets accepted the sheets subject to refund.

c. *Section 154.103 Composition of Tariff.* Section 154.103 is the replacement for current § 154.34. In recognition of prevailing practice, the new section specifically requires that the tariff set forth all currently effective rates. The Commission has deleted the reference to special exceptions and changed the examples of classes of service to reflect the current prevalent designations.

d. *Section 154.104 Table of Contents.* Section 154.104 replaces current § 154.35 with the clarification that the table of contents must contain a list of the sections of the general terms and conditions.

NI-Gas states that the inclusion of a detailed listing of the General Terms and Conditions of the tariff in the table of contents will be a major improvement in the current practice of some pipelines.

Columbia's tariffs have an initial table of contents in the front of the tariff which contains a line item reference to "General Terms and Conditions" and lists a page number for the "General Terms and Conditions Table of Contents" located in approximately the middle of the tariff, at the beginning of the General Terms and Conditions. Columbia seeks clarification that this is permissible within the context of the proposed regulation; and, if not, requests that the regulation be modified to accept this format.

The intent of requiring the sections of the general terms and conditions to be listed in the table of contents is to ensure such a listing appears in the tariff. Columbia's approach to the table of contents is acceptable.

e. *Section 154.105 Preliminary Statement.* Section 154.105 replaces current § 154.36 with stylistic changes only.

f. *Section 154.106 Map.* Section 154.106 is the replacement for current § 154.37. Maps must be submitted on paper and updated to reflect major changes. The new section states a preference for zones to be displayed on separate sheets.

Williston states that there should not be a map requirement in the tariff because there is a map in the FERC Form No. 2. The Commission has found that the presence of a map in the tariff is helpful in the process of evaluating other provisions.

NGSA states that the map should identify storage, gathering, and all off-system (non-contiguous) facilities as well as "pipeline" facilities.

Industrials recommend that pipelines be required to serve a hard copy of system maps prepared in accordance with new § 154.106, even if the parties agree that tariff filings may be served via electronic mail, in diskette form, or otherwise.

The Commission will not adopt NGSA's suggestion to require a more detailed map in the tariff. A detailed map with the facilities NGSA wishes identified is filed annually with the Form No. 2. Since the Commission is not discontinuing paper filing of tariffs, all parties receiving service of the tariff sheets are entitled to a paper copy unless they agree otherwise. It is up to the parties and the pipeline to determine the terms of electronic service, including exceptions to electronic service.

g. *Section 154.107 Currently Effective Rates.* New § 154.107 governs the tariff sheets setting forth the natural gas company's currently effective rates. In part, this new section replaces § 154.38(d) (1) and (2). The section requires that rates be stated in thermal units, as is the prevalent practice, rather than in units of volume.

APGA points out that § 154.107 formalizes the current practice of providing a detailed statement of rates and charges in a particular location in a pipeline's tariff. APGA supports this requirement. They state it will be particularly helpful for customers to receive a complete picture of effective and proposed rates upon the filing of a new rate case.

Williston states that the language in this section appears to be adding a level of complexity to the rate schedules that is unnecessary. Williston requests clarification of a "limited rate change."

The Commission believes that Williston misunderstands the purpose of this section. The summary of rates would not appear in the rate schedule. This section is intended to codify the nearly universal practice of placing a summary of rates on a tariff sheet or sheets which generally appears in the tariff after the map. It is not part of the rate schedule. We note that Williston's summary of rates fully complies with § 154.107.<sup>25</sup> Proposed subpart E details the filing requirements for limited rate changes. To avoid confusion, the Commission will modify this section to reference Subpart E. Northwest/Williams asks whether the required

"total rate" column applies only to the maximum rate and whether surcharges, ACA, and GRI charges are to be included in the "total rate."

Section 284.7(d)(5) requires that rate schedules filed under that section must state a maximum and minimum rate. Therefore, the summary of rates must show the total maximum and minimum rates. It is preferable for all surcharges to be added into the maximum rate and, if appropriate, into the minimum rate. However, it has been the Commission's past practice, in appropriate cases, to accept summaries of rates in which the GRI surcharge is noted in a footnote at the bottom of the summary rate sheet but not added into the total rate. This has been acceptable since the GRI surcharge does not necessarily apply to all transactions under a rate schedule. The reverse is accepted also—the GRI surcharge is listed in a column and added into the total rate. In this case, a footnote states the GRI surcharge is not applicable in certain circumstances.<sup>26</sup> To a lesser degree, the same can be said of the ACA surcharge. The Commission will not depart from past practice on this issue. The regulations will be modified to allow the ACA and GRI surcharges to be noted in a footnote. If the footnote option is elected, the charges must be stated in the footnote, it must be clear when the charges apply,<sup>27</sup> and the footnote must indicate that these charges are added to the total stated rate.

Columbia, AGD, and APGA are in favor of the requirement to state rates in thermal units. APGA points out that many of its members and most LDCs bill their retail customers on the basis of units of volume. The use of units of heat content has been the standard measure for pipelines for some time.

Great Lakes requests that the Commission clarify that, for pipelines whose rates are currently stated on a volumetric basis, inclusion of a statement of rates in thermal units should take place in the pipeline's next section 4 rate case. Great Lakes also asks that the Commission clarify whether "thermal units" refers to dekatherms or to some other measurement. NGSA recommends that the rates be stated on the same basis (Mcf or MMBtu) as they are charged, with the units clearly

<sup>26</sup> Northwest's summary of rates reports the GRI and ACA surcharges in separate columns and adds the charges into the total rate, where appropriate. Williams, in contrast, states the level and applicability of the GRI and ACA surcharges in footnotes on its summary of rates but does not include them in the total rate.

<sup>27</sup> A reference to the section in the tariff where the applicability of the surcharge is explained is acceptable.

<sup>25</sup> Ninth Revised Sheet No. 15 to its FERC Tariff Second Revised Volume No. 1.

labeled. NGSa maintains that the proper unit for stating rates has been and can continue to be determined on an individual pipeline basis.

NGSA is opposed to a generic rulemaking which mandates the use of a standard unit of measure in rate case filings at this time. NGSa states that rates and tariffs should be stated in the same units as charged. NGSa states that calculating the rates based on one unit of measurement and then converting those rates to a different unit of measurement for billing purposes creates confusion. Further, NGSa states, some pipelines and shippers have negotiated private contracts based on an "Mcf" basis of measurement. NGSa states that the proposed requirement is a substantive change in the Commission's rate policy which was not the purpose of this rulemaking. NGSa states that in order to protect the due process rights of all parties, any Commission imposed change in measurement standards should be implemented on an individual pipeline, on a prospective basis, when the pipeline files its next major rate case. NGSa states that conversion to the thermal units will not be a simple process. Therefore, NGSa states, parties should be able to present the issues of material fact brought about by such conversion in the context of a full evidentiary hearing, wherein disputes as to the methodology of conversion may be resolved.

Kern River objects to the proposal and states that changing measurement standards at this time from volumetric to thermal would be a substantive change and would needlessly put it to the expense of converting its tariff, contracts, and business systems. Whittier adds that, at a minimum, individual pipelines, like Kern River should be permitted to be exempt, if the thermal billing mandate would impair individual shippers. Kern River states that if the final rule requires billing unit uniformity, then the new § 154.107 should be modified to require only volumetric billing units.

Whittier states that volumetric billing is good policy because volumetric rates; (1) Equitably allocate to shippers the capital and operating cost of the pipeline on the basis of the units actually transported; (2) allow shippers efficiently to use their contracted space to transport as many Btu's as the quality specifications allow, and gas suppliers are able to optimize the economic efficiency of their own facilities by making the economic decision whether to leave liquefiable hydrocarbon gases in the gaseous form and transport them in the gas pipeline or to incur the cost

of extracting and marketing them as liquids; and (3) allow the appropriate costs to be divided by the appropriate throughput in volume units. Whittier argues that there is no reason for a commodity to be transported on the same basis that it is purchased.

Whittier states that forcing pipelines that are content with volumetric-based rates to change to thermal-based rates would be making a substantive change in the contracts of shippers on pipelines that measure and bill on a volumetric basis. Whittier states that this could result in reopening contracts and rates.

Chevron, Whittier, and Kern River recommend deletion of the word "thermal" so that the proper unit for stating rates can continue to be determined on an individual pipeline basis.

A significant majority of pipelines state their rates on the basis of either MMBtu or Dth. Only a few pipelines continue to state their rates in Mcf.<sup>28</sup> The Commission earlier adopted the MMBtu measurement base for all reports submitted under part 284, in § 284.4. The change to the regulations in this rulemaking expands on the Commission's earlier action and reflects the prevalent practice in the industry. The Commission recognizes that some companies perceive a hardship in switching from Mcf to Dth or MMBtu. However, the Commission also recognizes the ongoing industry concern with standardizing certain practices as expressed at the EBB conference held on September 21, 1995. Standardizing industry practices, such as stating rates in thermal units, facilitates cross-pipeline business. Accordingly, the Commission will maintain this standard in the regulations. However, in light of the difficulties expressed by some pipelines, the Commission does not intend to actively enforce this section until one year after the effective date of this rule.

NGSA recommends that the rate sheets should state the amount of each applicable surcharge and include a citation to the docket in which such surcharge level was accepted by the Commission. The Commission will not adopt NGSa's suggestion that the summary statement of rates include the citation to the docket in which each surcharge level was accepted. This would add a great deal of complexity to the summary statement of rates. The information NGSa is interested in is available publicly. Since comments in

this docket were filed, the Commission provided access to each company's electronic tariff sheets on the Commission's bulletin board system.<sup>29</sup> Each tariff sheet which is not pending contains the citation to the order which acted on the tariff sheet. With some careful checking, a researcher can identify each tariff sheet containing a surcharge change and readily identify the order acting on that sheet.

h. *Section 154.108 Composition of Rate Schedules.* Section 154.108 replaces current § 154.38. Current § 154.38(d)(4), Refunds, is moved to § 154.501. Current § 154.38(d)(5), RD&D, is moved to § 154.401. Current § 154.38(d)(6), ACA expenditures, is moved to § 154.402. Current §§ 154.38(d)(1) and (2) are revised and moved to § 154.107. Current § 154.38(d)(3) is moved to § 154.3. Current § 154.38(e), minimum bill, is deleted.

Williston objects to the requirement that pipelines provide a description of the calculation of the monthly charges for each rate component. It argues this would cause a pipeline's tariff to become even more voluminous and onerous without serving any useful purpose. Williston requests that the Commission eliminate this proposed requirement.

Section 154.108 merely formalizes current practice. Virtually all current tariffs include a section in the rate schedules explaining how the rate is to be applied to derive monthly billings. This section of the tariff is essential to determining the accuracy of a shipper's bill. Under current practice, this section provides both a textual description of the components of the rate and the mathematical method to determine charges each month. The Commission notes that almost all pipelines appear to comply with this regulation already.

i. *Section 154.109 General Terms and Conditions.* Section 154.109 replaces current § 154.39. The company's discounting policies are added to the tariff.

AGD, NI-Gas, and the LDC Caucus support the proposed requirement that the pipeline set forth in its tariff its discount policy and the order in which each pipeline charge will be discounted. The LDC Caucus states that this would assist customers in ensuring that the pipeline's discount policy is consistently applied and that adjustment to rates to reflect discounted revenues are proper.

<sup>28</sup> Approximately a dozen pipelines continue to state their rates in Mcf. Another five state their reservation rates in Mcf but state their usage rates in Dth or MMBtu.

<sup>29</sup> Pipelines began filing electronic versions of their tariff sheets with tariff sheets effective November 1, 1989. Some of the tariff sheets filed early in the process are contained in separate archive databases.

INGAA supports a requirement of providing broad policy statements by pipeline companies concerning nondiscriminatory discounts but objects to disclosure of management policies or any specific order in which rate components would be discounted. The statement specifying the order in which each rate component will be discounted must be in accordance with Commission policy. This proposed regulation could be interpreted to require pipelines to disclose the order in which each rate component will be discounted. This portion of proposed § 154.109(c) reduces pipeline rights and flexibility as granted in Order Nos. 436 and 500. Great Lakes, Columbia, KN, MRT, and Panhandle concur.

Panhandle and Great Lakes state that a company's discount policy is commercially sensitive information. Disclosure of this information may interfere with a pipeline's ability to compete in the marketplace, thwarting the Commission's goals in Order No. 636 to foster competition and provide natural gas transportation service to the customer which values it most. Great Lakes submits that a general statement of policy will meet the Commission's intent without requiring the disclosure of commercially sensitive information.

Columbia argues the proposed requirement is too broad. Columbia notes that pipelines are already subject to nondiscriminatory standards with respect to the granting of discounts, and must post/discard discounts to affiliates. Columbia requests deletion of this requirement to the extent it requires setting forth the "manner" in which rates are discounted.

KN fears that this provision would allow each pipeline to review the discounting policies of other pipelines that compete with it for business. KN states that the disclosure rule would serve to reward those pipelines that are evasive or simplistic in their policy statements and would punish those that are more descriptive or detailed. KN states that there is no valid competitive purpose served by compelling pipelines to reveal all their discount policies.

MRT fails to see the relevance of this provision. MRT states that pipelines already file discount reports and report marketing affiliate discounts on their Electronic Bulletin Boards. MRT states that this provides sufficient information for both the Commission and the pipeline's customers to monitor the discounts a pipeline is granting.

Great Lakes also states its opposition to the proposed section requiring the pipeline to state in its general terms and conditions its policy for financing and constructing laterals. Great Lakes states

that pipelines must be able to evaluate each proposal to finance and construct lateral facilities on a case-by-case basis. Great Lakes states that no set policy can contemplate all of the factors which contribute to a pipeline's decision to finance and construct these facilities. Great Lakes states that a pipeline's decisions with regard to laterals are public knowledge since the financing, cost, location, and customer information related to the construction of any lateral facilities are disclosed in a pipeline's certificate application. Great Lakes state that the Commission and others have the ability to determine whether or not a pipeline is unduly discriminatory in its decision regarding the financing and construction of laterals and so, proposed § 154.109(b) is not necessary for regulatory purposes.

Section 154.109(c) merely formalizes the Commission's policy on recognition of discounts as enunciated in *Natural*.<sup>30</sup> Under the policy, the pipeline must recognize discounts in a specified order. The first item of the overall reservation charge discounted will be the GRI surcharge (for member pipelines), followed by the base rate reservation charge, Account 858 or other Order No. 636 transition cost surcharges, and, last, all GSR reservation surcharges. Other non-transition reservation surcharges will be attributed as agreed by the pipeline and its customers in individual proceedings.<sup>31</sup>

In adopting the policy in *Natural*, the Commission saw the need for a generic methodology to recognize discounts in a transition cost recovery filing. The Commission enumerated the advantages of its policy as follows:

- Maximize the pipeline's recovery of transition costs from its discounted customers,
- Minimize the need for a subsequent true-up to implement the Commission's policy of permitting full recovery of transition costs,
- Ensure transition costs are spread as evenly and widely as possible, and
- Minimize discount adjustments in periodic filings.

<sup>30</sup> *Natural Gas Pipeline Company of America (Natural)*, 69 FERC ¶ 61,029, (1994), reh'g, 70 FERC ¶ 61,317 (1995). Policy applied in *ANR*, 69 FERC ¶ 61,322 (1994), and *Tennessee*, 69 FERC ¶ 61,094 (1994). Policy applied to interruptible transportation in *Southern*, 69 FERC ¶ 61,093 (1994), and *MRT*, 69 FERC ¶ 61,112 (1994).

<sup>31</sup> In *Algonquin Gas Transmission Company*, 69 FERC ¶ 61,105 (1994), the Commission clarified its policy with respect to surcharges designed to collect costs in Account No. 858. If the Account No. 858 costs at issue are not Order No. 636 transition costs, but relate to upstream capacity retained by the pipeline for operational use and are embedded in the pipeline's base rates, the policy announced in *Natural* does not apply.

The requirement, in § 154.109(b), for a general statement of the pipeline's policies on laterals formalizes the Commission's policy of assuring that laterals are built on a non-discriminatory basis. By placing the general policy in the tariff, parties may more effectively monitor its application.

j. *Section 154.110 Form of Service Agreement*. Section 154.110 replaces current § 154.40 with the addition of receipt points as an item for insertion on the form when appropriate.

k. *Section 154.111 Index of Customers*. Section 154.111 replaces current § 154.41, Index of Purchasers, but with applicability specifically limited to natural gas activities not subject to part 284 of this chapter. The Commission has expanded the Index of Customers to include all firm transportation services and contract demand for each customer for each rate schedule. In the order issued in *Tennessee Gas Pipeline Company's* restructuring proceeding,<sup>32</sup> the Commission clarified that current § 154.41 is not limited to the requirement to file sales-related information. The changes here make that interpretation explicit. Some pipelines have provided contract demand information on a voluntary basis before this. The information has proven valuable to the Commission in analyzing pipelines' filings and in eliminating additional requests for information.

Pipelines that offer services under part 284 of this chapter, exclusively or in addition to services authorized under part 157 of this chapter, must comply with the requirements in the companion rulemaking instead of this provision. In the companion rulemaking, pipelines providing service pursuant to part 284 of this chapter, provide an Index of Customers on their electronic bulletin board (EBB). As an interim measure, we will require pipelines providing transportation service under part 284 to comply with the Index of Customers requirements as set forth in § 154.111 until the electronic index is implemented.

Panhandle recommends that the Index of Customers requirement remain the same as that contained in the current regulations. Panhandle objects to the expansion of the index as being anti-competitive. Panhandle objects to the inclusion of the term of each contract, arguing the duration of the contract is sensitive information. Further, Panhandle believes this

<sup>32</sup> *Tennessee Gas Pipeline Company*, 65 FERC ¶ 61,224 (1993).

information serves no valid regulatory purpose.

Columbia objects to the requirement to include contract demand for each customer for each rate schedule in the Index of Customers. Columbia believes public disclosure of such commercially-sensitive information unfairly places pipelines and their customers at a competitive disadvantage in the marketplace.

AGD supports the provision and suggests that this information should be provided in both print and electronic media in order to facilitate its full use by interested parties. AGD recommends that the regulations be amended to require each pipeline to provide a sum of the MDQ contract levels by rate schedule, at least in the paper copy of the index of purchasers. This information is valuable because it facilitates analysis of billing determinants in rate cases and between rate cases.

The Pacific Northwest Commenters urge the Commission to continue to require that the tariff include a reasonably current index of all firm customers. Pipelines should be required to provide a completely current customer index on their EBBs—but on a semi-annual basis the pipeline should still file updated indices or firm customers in their tariffs.

Consistent with the action being taken in the companion rule, the Index of Customers will include the full legal name of the shipper, the rate schedule number of the service under contract, the effective date of the contract, the termination date of the contract, and the maximum daily contract quantity under the contract.

We will not adopt Columbia or Panhandle's recommendations. As we note in our companion rulemaking, the index will contain fundamental data about the natural gas industry—how much of the pipeline's capacity shippers have under firm contract. This information is basic to the Commission's understanding of events taking place in the industry. With this information, the Commission will remain apprised of trends in the industry, the willingness of shippers to hold firm capacity, the average length of time capacity remains under contract, the proportion of capacity rolling over under evergreen provisions, etc. Pipelines are beginning to deal with complex issues related to shippers' contracts coming up for renewal in the post restructuring period.<sup>33</sup> The lack of

easily accessible data regarding customers' contract levels and contract terms could hamper the Commission's ability to assess the impact of this phenomenon on the industry. The index will provide key data for this purpose. The Index of Customers which is the subject of this section will be included in the tariff. Currently, the tariff is filed both electronically and on paper. Therefore, AGD's suggestion is moot.

We will not require the pipelines offering service under part 284 to maintain the Index of Customers in both their tariff and on their EBBs. It is the Commission's intention to reduce the filing burden on the pipelines. Access to the Index of Customers through a downloadable file or through the tariff should be sufficient. The Commission will hold future conferences on the appropriate format for the electronic Index of Customers.

The language originally proposed in § 154.111 required the index to be updated coincident with the filing of the Form No. 2 and Form No. 11. At the time, Form No. 11 was proposed to be filed semi-annually. In our companion rulemaking, we are revising the Form No. 11 and requiring it to be filed quarterly. In light of the change to the frequency of the filing of Form No. 11, we will remove the reference to Form No. 11 and modify the language in this section to preserve the semi-annual schedule originally contemplated.

1. *Section 154.112 Exception to Form and Composition of Tariff.* Section 154.112(a) replaces current § 154.52, but deletes those paragraphs dealing with the sale of gas or purchased gas cost tracking. Because the requirements of § 154.101 (Form) and § 154.102 (Title page and arrangements) are applicable, § 154.112(a) does not refer to those matters.

Section 154.112(a) specifies that special rate schedules for service under part 157 of this chapter are to be included in FERC Volume No. 2. Section 154.112(b) mirrors the provision in § 154.1(d) which requires that contracts that deviate in any material aspect from the form of service agreement must be filed with the Commission.<sup>34</sup> Section 154.112(b) also requires that such contracts be referenced in FERC Volume No. 1.

m. *Miscellaneous Subpart B Comments.* AGD commented that proposed Subpart B should be supplemented to include a provision requiring a pipeline seeking a rate

increase to identify (a) the new rate being proposed by rate schedule and (b) for each proposed new rate the rate which represents the refund floor or "last clean rate." AGD states that this information should be presented in a simple, easy-to-understand format such as a chart or matrix so that interested parties can quickly find in one place the rate levels which quantify the totality of the applicant's rate increase proposal. Pipeline rate changes are routinely made in response to various factors. Some of the resultant adjustments are made effective subject to refund. AGD state that these circumstances have the effect of obscuring the underlying rate and that AGD's recommendation is intended to simplify the task of the staff and the pipeline customer in discovering what rate is proposed and what portion of that rate is already subject to change as a result of some regulatory contingency.

AGD also suggests that many pipelines follow a practice of providing to their customers a quarterly statement summarizing the currently effective tariff sheets. This practice should be required of all pipelines as it is an efficient mechanism for keeping abreast of the developments affecting pipeline services.

Subpart B sets out the proper contents of a pipeline's tariff. AGD's suggested summary appears in § 154.7(a)(6) which requires "a summary of the changes or additions made to the tariff" to be included in the statement of the nature, the reasons, and the basis for the filing. Thus, what AGD seeks is already required. No additional language needs to be added to the regulations.

AGD's suggestion that the pipeline identify the last "clean rate" when it proposes an increased rate has merit. The identification will assist the Commission and other interested parties in determining the level of potential refunds if the proposed rate is suspended and ultimately found unjust or unreasonable. It will also alert interested parties to the fact that the underlying rate may also be in effect subject to refund. Proposed § 154.7(a) was modified to require that the letter of transmittal identify the last rate found to be just and reasonable that underlies the proposed rate.

The NGA requires a pipeline to "keep open in convenient form and place for public inspection, schedules showing all rates and charges for any transportation or sale subject to the jurisdiction of the Commission, \* \* \*

<sup>35</sup> 15 U.S.C. 717c.

<sup>33</sup> For example, Transwestern Pipeline Co. recently filed a settlement in Docket No. RP95-271-000 to deal with the turn back of significant amounts of capacity by a key customer.

<sup>34</sup> The language proposed in the NOPR for § 154.112(b), which would require the filing of contracts "that do not conform to the form of service agreement" has been changed to be consistent with the provision of § 154.1(d).

has not been interpreted as requiring pipelines to provide periodic copies of effective tariffs to each customer. The Commission notes that much more can be done through electronic means, today. As a result, the Commission makes available through its electronic bulletin board system, each pipeline's complete tariff for downloading. As this information is available through the Commission's EBB, we will not require the pipelines to send their customers a copy of the pipeline's current tariff on a quarterly basis.

### 3. Subpart C—Procedures for Changing Tariffs

a. *Section 154.201 Filing Requirements.* New § 154.201(a) is a replacement for current § 154.63(b)(1)(v), *Marked Versions of Tariff Changes*. The new section clarifies that changes to both text and numbers must be marked. New § 154.201(b) is a replacement for current § 154.63(e)(4), *Workpapers and Supporting Data*. The intent of this regulation is to ensure that all mathematical calculations are complete and logically follow from the first calculation to the last; so that, anyone attempting to recreate the calculations can do so. This requirement will also ensure that any numbers that are not directly from the company's source documents are explained.

Other parts of current § 154.63 are revised and distributed elsewhere in revised part 154.

Northwest/Williams requests clarification as to when the filing requirements of subpart C or D apply. The confusion over the applicability of subparts C and D turns on the inclusion of the section titled "Changes in rate schedules, forms of service agreements, or the general terms and conditions," as proposed in subpart D, § 154.301. Some of subpart C applies to all changes to a tariff or executed service agreement, such as § 154.201 and the notice, service, and protest requirements. There are other sections in subpart C which have a more limited scope, such as the provisions for submission of new rate schedules, filing of compliance filings, and changes to suspended tariffs. The subject section is better positioned in subpart C since it applies when a pipeline submits changes to specific portions of the tariff. Subpart D applies to changes in rates other than those described in subparts E, F, G, and H. To avoid any confusion, the subject section is now § 154.204 in Subpart C.

NI-Gas supports § 154.201(a) but seeks clarification that all changes be marked, not just substantive changes. The Commission clarifies that the regulation

applies to all changes in text and numbers whether substantive or not.

Williston states that § 154.201(a) should not apply to maps. The regulation requires that changes in text and numbers be marked. This includes text and numbers on pages containing maps. Whenever possible, text and numbers on maps should be marked in the same manner as text and numbers elsewhere in the filing. However, the Commission recognizes that maps are often produced in such a fashion that this is not practical. In such cases, the text and numbers on maps may be marked in any clear fashion. Further, the Commission is not specifying any particular method for marking changes to boundary lines, symbols, and representative drawings. Such changes may also be demonstrated in any clear fashion.

NI-Gas supports § 154.201(b). NGSA approves of 201(b) (2) and (4). Columbia states that while it supports adherence to principles of disclosure and open communication with Commission staff and parties concerning calculations and workpapers, Columbia avers that this regulation is too broad and subjective. Columbia states that the determination whether the calculations are complete and logically follow so that anyone can recreate them, is a subjective standard which is particularly onerous given that an incomplete filing may be rejected pursuant to § 154.5.

The Commission disagrees with Columbia. It has been the Commission's experience that pipelines have not always included all of the calculations necessary to support the proposed rate modification even though the pipeline must have these calculations in order to establish the rates in its filing. The lack of these calculations causes unnecessary delay and raises questions about the filing. It is impossible for the parties to determine if the proposed rate is just and reasonable if the calculations are incomplete or unexplained.

Section 154.201(b) serves two purposes: it gives specific guidance to the pipeline as to what is needed to fulfill the pipeline's obligation to support proposed rates; and, it gives interested parties useful information in a timely manner. This regulation should reduce the necessity for data requests.

Columbia states that if this regulation is promulgated, pipelines should not be subject to additional data requests about calculations. Columbia's suggestion is not adopted. The Commission cannot anticipate all of the information the parties may need in a rate case. It would be improper to generalize that, under any circumstances, no pipeline would be subject to additional data requests.

Eliminating the possibility of any data requests concerning the pipeline's rate calculations would restrict the parties' options unnecessarily.

Pacific Northwest Commenters urge the Commission to require that each filing contain a summary customer impact comparison setting forth the amounts paid by customers under the current rates based on the most recent test period determinants compared to what they would pay under the proposed change based on the same determinants. Statements G-1 and G-2 provide this information. The Commission will not require the pipeline to provide an additional customer impact comparison. There should be sufficient information available through the filing to allow each customer to conduct its own comparison.

Pacific Northwest Commenters request that the current provision in § 154.63(e)(1) that pipelines include material reflecting rate fixing adjustments in accord with Commission orders be included here. AGD recommends that the regulation require a description of any Dth-mile study relied upon by the applicant for the rate change.

The regulations already require that the pipeline provide documentation to support proposed changes. It is not necessary to list each and every document that might be needed for such support. It is the pipelines' responsibility to provide the documents that prove that its proposed rate change is just and reasonable.

The Commission modified proposed § 154.301(c) to reinstate the original language regarding alternate material reflecting rate fixing adjustments. A regulation requiring a description of the Dth-mile study will not be adopted.

b. *Section 154.202 Filings to Initiate a New Rate Schedule.* New § 154.202 replaces current § 154.62. The new section does not apply to initial executed service agreements. Very little data is currently required to support an initial rate schedule or executed service agreement. Because many services are now provided under blanket authorizations, there is no review prior to the tariff filing. Thus, the current filing requirements are no longer consistent with the needs of the Commission for reviewing new rate schedules. The new section relates to the requirements for a new rate schedule under the blanket authority granted under part 284 of this chapter as well as to other initial filings.

NI-Gas states that § 154.202(a)(1)(iv)(B) should be expanded to include information on

surcharges and crediting. On the other hand, Williston states that § 154.202(a) should be deleted because it requires filing data not previously required, is burdensome, and prolongs review by staff.

Section 154.202(a) requires the pipeline to file basic information about the proposed service which the Commission needs to know to make an informed and timely decision. The current regulations are adapted for individually certificated services where the information would be provided in the certificate proceeding. Section 154.202(a) recognizes the transition from individually certificated services to blanket certificates. It requires less information than previously required for an individual certificate application. It is designed to provide Commission staff and others with enough information to review the rates and charges for an initial service or service provided under a blanket certificate authority. By requiring pipelines to submit this necessary information when they make their initial filing, the Commission avoids the need to formulate data requests which only delay the proceedings.

NI-Gas' interest in the applicability of surcharges to the new service is understandable. However, no modifications to the proposed regulations are necessary to accomplish NI-Gas' goal. Section 154.107 requires all surcharges applicable to a service to be displayed on the tariff sheet showing currently effective rates. If a new rate is proposed for the new service, a separate line or lines will appear on this tariff sheet. All applicable surcharges would be displayed in separate columns as provided under § 154.107(d). Therefore, the surcharges applicable to the new service would be discernible. The Commission does not believe it is necessary to expand the list under proposed § 154.202(a)(1)(iv) to list all of the possible affects of a new service upon existing shipper services since the regulations state that information is to be provided is "including but not limited to" the specific information noted. Any additional affects on existing service would be covered by this inclusive phrase.

Panhandle states that the regulation should be clarified to establish that only where a pipeline is proposing to change a rate previously established in the section 7 proceeding should there be a section 4 obligation. Section 154.202(b) states that where a rate, service, or facility is certificated under section 7, the tariff sheets filed to implement the terms of the certificate must comply with the requirements for compliance

filings. No change needs to be made to the regulations to accommodate Panhandle's position. This regulation creates an obligation applicable to initial rates and rates and charges for services under a blanket authorization. Any proposed rate or charge that differs from the rate or charge approved in a section 7 proceeding is governed by § 154.202(b)(2).

c. *Section 154.203 Compliance Filings.* Section 154.203 is a new section addressing filings that are made to comply with a Commission order. Filings made to comply with Commission orders must include only those changes required to comply with the order. Such compliance filings must not be combined with other rate or tariff change filings. A compliance filing that includes other changes or that does not comply with the applicable order in every respect may be rejected.

APGA and NI-Gas support this regulation.

Pacific Northwest Commenters states that compliance filings should be designated and noticed as such, and recognized as not mandating action within 30 days. The form of notice now requires the pipeline to designate compliance filings.

CNG believes that § 154.203(b) lacks flexibility. CNG states that an alternate or creative response to a Commission requirement may obviate the need for a rehearing request or court appeal. CNG argues that including related rate or tariff changes in a compliance filing saves parties time and money. On the other hand, Brooklyn Union requests confirmation that compliance filings that do not conform to the applicable order in all respects will be rejected.

The regulation states that a compliance filing that includes other changes or that does not comply with the applicable order in every respect "may be rejected." In practice, the Commission regularly rejects filings that go beyond the order. The Commission chose not to use the phrase "will be rejected" in order to allow for some flexibility to accommodate minor variations in special and rare circumstances. However, the Commission will not accept any compliance filing that contains any substantive difference from the underlying order.

d. *Section 154.204—Changes in Rate Schedules, Forms of Service Agreements, or the General Terms and Conditions.* Section 154.204 provides distinct requirements for filings to change rate schedules, forms of service agreements, or the general terms and

conditions of a tariff.<sup>36</sup> Such filings must explain the necessity for the change and the impact on existing customers.

NI-Gas states that the inclusion of the information required in §§ 154.204 (b) and (c) will help in the timely analysis of tariff changes by interested parties.

NDG supports the proposed requirement that the filing company must include with its filing an explanation of why the proposed change is necessary and the impact on existing customers. NDG also believes that several additional filing requirements would further improve the rate review process, including requiring the distribution of workpapers provided to FERC staff in support of a filing to customers. Pipelines should be required to (1) allow interested parties to notify the filing pipeline that they wish to receive a copy of the workpapers on the filing data, and (2) include with the copy of the filing served on interested parties a notice describing the content of the workpapers.

It is unclear to what workpapers NDG refers. All workpapers referred to in § 154.204 are to be submitted as part of the filing. Thus, the pipeline is already required to submit all workpapers.

Generally, Columbia does not object to the requirements of this section. However, Columbia believes that much of the requested information is irrelevant to many tariff filings e.g., workpapers showing the estimated effect on revenues and costs over a 12-month period.

The requirements of § 154.204 are generally applicable. Further, the specific requirement to which Columbia refers has been a longstanding requirement for filings for changes other than in rate level.<sup>37</sup> However, if a particular requirement does not happen to apply, a statement to that effect is all that is necessary.

e. *Section 154.205 Changes Related to Suspended Tariffs, Executed Service Agreements or Parts Thereof.* Section 154.205 replaces current § 154.66.<sup>38</sup> The change adds two exceptions to the rule prohibiting tariff filings during a suspension period. The exceptions are "changes made under previously accepted tariff provisions permitting periodic limited rate changes" and "accepted limited rate changes." Section 154.205 recognizes that the Commission allows periodic limited rate changes pursuant to accepted tariff

<sup>36</sup> This regulation appeared in the NOPR as § 154.301.

<sup>37</sup> See § 154.63(b)(2).

<sup>38</sup> This regulation appeared in the NOPR as § 154.204.

provisions and ACA and GRI surcharge changes to take place during the period of suspension. This reflects current Commission policy.

Williston commented that the provision in current § 154.66 providing that a proposed tariff or executed service agreement may be withdrawn during the suspension period with special permission should be retained. That provision has been reintroduced into the final rule.

f. *Section 154.206 Motion to Place Suspended Rates Into Effect.* Section 154.206 replaces current § 154.67(a).<sup>39</sup> Current § 154.67(b), Reports, is deleted. This section requires that, when rates have been suspended for more than a minimal period and the Commission has ordered changes or the rates include costs of facilities that are not in service, the motion to place suspended tariff sheets into effect must be filed at least one day prior to the date the sheets are to take effect. A motion is required where: The Commission has ordered changes; the rates include facilities that are not in service; or, the transmittal letter specifically reserves the pipeline's right to file a motion.

Section 154.7(a)(9) adds a new provision whereby the transmittal letter must include either a motion to place suspended rates into effect, or a specific statement that the pipeline reserves its right to file a later motion. If the pipeline includes a motion in its transmittal letter, then the proposed rates will go into effect at the end of the minimal suspension period. If the pipeline specifically states that it reserves its right to file a later motion, then the proposed rates will go into effect only after such later motion is filed. Also, if a pipeline fails to comply with § 154.7(a)(9) by not including either a motion or a statement, the proposed rates will not go into effect until the pipeline files a motion.

APGA requests that § 154.206(a) be amended to make the form of motion clear. However, the Commission does not believe that it is necessary to standardize such a motion.

The NOPR had proposed that when rates have been suspended for more than a minimal period and the Commission has ordered changes or the rates include costs of facilities that are not in service, the motion to place suspended tariff sheets into effect must be filed no less than 30 days nor more than 60 days prior to the date the sheets would take effect. Columbia commented that the proposed requirement would cause pipelines to estimate test period

data for that portion of the test period occurring after the date the pipeline must make the motion rate filing. Columbia stated that this would only be acceptable if the Commission accepted such estimates as of the end of the test period.

CNG and Columbia recommended no change to the current practice of allowing pipelines to file motion rates one day before the effective date. CNG commented that the current rules work well but the proposed rule would require pipelines to rely on estimated plant balances in determining the level of plant in service at the end of the test period. Further, CNG stated, the pipeline would be unable to determine the status of negotiations 30 days in the future, and would be compelled to move to make the rate increase effective at the earliest possible date. In the alternative, CNG states, the longest notice period should be 6 to 10 days.

In light of these comments, the revised regulation has been modified to be consistent with the current practice of allowing pipelines to file motion rates one day before the effective date. However, individual suspension orders may require pipelines to make compliance filings earlier, to reflect changes required by the Commission.

Columbia states that § 154.206(c) should not state "for less than one day," but "for one day." JMC suggests a change to "one day or less."

Pacific Northwest Commenters suggest that the Commission retain the motion filing requirement for all suspensions of more than one day and delete the requirement for suspensions of one day or less. To comply with section 4 of the NGA, Pacific Northwest Commenters argue that the Commission should issue an express blanket grant of a motion for any filing suspended for one day or less. Pacific Northwest Commenters state that this approach would recognize the past practice of generally suspending rate increases for 5 months and other changes for less than one day. Thus, a pipeline could delay implementation where parties are resolving issues through negotiation. Pacific Northwest Commenters state that automatic implementation of a rate increase would restrict this flexibility.

JMC supports the proposal to formalize the Commission's practice of not requiring a motion when rates are suspended for a minimal period.

Panhandle states that the NGA requires that suspended rates only go into effect upon motion by the pipeline. Panhandle recommends that when the suspension period is minimal, the regulations should recognize that the transmittal letter constitutes the

requisite motion unless the pipeline reserves the right to file a separate motion. This recommendation has not been adopted. Unless the pipeline reserves the right to file a separate motion, it must include a motion in the transmittal letter.

JMC requests clarification that rates for separate, distinct classes of customers need not be suspended for the same time period nor be combined together for purposes of determining whether the proposed rate is a decrease or increase. The Commission's policy is that customers should only pay for the services they receive. Rates need not be aggregated for the purpose JMC suggests.<sup>40</sup>

The revised regulation is consistent with current Commission practice and the purposes of the NGA. Section 4(e) of the NGA authorizes the Commission to suspend operation of a schedule and defer the use of a rate pending a hearing "but not for a longer period than five months beyond the time when it would otherwise go into effect."<sup>41</sup> If the proceeding has not been concluded and an order made at the expiration of the suspension period, the proposed change shall go into effect "on motion of the natural gas company making the filing."<sup>42</sup> The NGA continues that refunds may be ordered "where increased rates or charges are thus made effective."<sup>43</sup> Historically, the Commission has considered the suspension of a rate as a necessary step to assure that refunds may be ordered when appropriate.

When the maximum five month suspension is applied, the earliest the rates will become effective is on the day after the date the motion filing is made. Where the rates have been suspended for the maximum period, there is sufficient time for the pipeline to modify its proposal, if necessary, and file the motion. However, as a practical matter, where rates have been suspended for a minimal period as allowed under the statute, a hearing could not possibly be concluded by the expiration of the period. This regulation allows the pipeline to specify whether or not the filing itself acts as a motion.

g. *Section 154.207 Notice Requirements.* Section 154.207 replaces current § 154.22 and § 154.51.<sup>44</sup> The new section applies only to proposed changes. Reference to former § 154.5,

<sup>40</sup> See Tennessee Gas Pipeline Company, 62 FERC ¶61,250 at 62,642 (1993).

<sup>41</sup> 15 U.S.C. 717c(e).

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> This regulation appeared in the NOPR as § 154.206.

<sup>39</sup> This regulation appeared in the NOPR as § 154.205.

which is no longer in part 154, is removed.

h. *Section 154.208 Service on Customers and Other Parties.* New § 154.208 formally requires the filing company to serve its customers and state regulatory commissions on or before the filing date.<sup>45</sup> The regulation requires that all customers and state commissions receive an abbreviated form of the filing. Customers and state commissions with an interest may then request a full copy. The pipeline must provide the full copy within 48 hours. However, pipelines must comply with any customer's standing request to receive a complete filing as the initial served filing.

The NOPR invited comments on whether the informational needs of customers and state regulatory commissions would be adequately fulfilled if the filing company was only required to serve the transmittal letter and provide the rest of the filing upon request. Some pipelines have used this procedure recently to minimize the costs of reproduction and mailing where their lists of shippers are quite large.

MRT, El Paso, NGS, and NET support serving only a transmittal letter to customers and state commissions on or before the filing date with complete copies provided on request. They state that serving complete copies wastes pipeline resources and annoys customers that are not interested.

Columbia states that it is unduly burdensome to serve all filings on all customers and suggests that the regulation be modified to require service upon firm customers on the filing date. Columbia states that such service along with the form of notice pursuant to § 154.209 is sufficient to assure adequate notice.

AF&PA, Arizona Directs, AGD, Industrials, and New York oppose allowing pipelines to fulfill service by a transmittal letter. APGA states that the service of only the transmittal letter would be neither desirable nor lawful. APGA states that without a complete statement of proposed rates, the notice is not meaningful.

Michigan and MoPSC state that state commissions should receive the full filing.

Michigan states that, considering the time restraints in which the Commission must act and the delay of requesting full service, the burden to request full service should not be on the parties.

Michigan, MoPSC, and New York suggest that the Commission require

pipelines to provide state commissions and customers with notice of a filing 30 days prior to the filing date.

Michigan and New York would like the pipelines to be required to serve both the state commission and the designated counsel by the next day.

Pacific Northwest Commenters point out that "service" under § 385.2010 (Rule 2010) may consist of merely depositing the filing in the mail which may take 3 or 4 days for delivery. To assure that customers get more timely notice and may prepare more complete comment and analysis, they suggest that pipelines be required to certify that arrangements have been made to assure receipt by customers no later than the next business day, that customers elect whether to receive full service or just transmittal letters, and that customers be able to designate two representatives to receive service. They also request that the Commission require pipelines to provide service of orders in specific cases in lieu of Commission service.

APGA requests a requirement that pipelines must, at the request of a customer, provide next-day service to attorneys or consultants designated by customers.

AGD states that the regulation should require simultaneous service upon the Commission and all customers except those known to prefer transmittal letter service.

Columbia Distribution and NDG do not oppose offering the customers the option of receiving a transmittal letter instead of the full filing, however customers should be able to place a standing request for complete filings by the next day.

Panhandle proposes that firm customers and state commissions receive full service at the time of filing but that interruptible customers receive an abbreviated service consisting of: The letter of transmittal, the Statement of Nature, Reason, and Basis, the changed tariff sheets, and the Notice. Notice would also be on the EBB.

INGAA and ANR/CIG ask that pipelines be allowed to make an abbreviated form of service consisting of: The Letter of Transmittal; the Statement of Nature, Reason, and Basis; the changed tariff sheets; a summary cost-of-service and rate base; and, summary of magnitude of change. Customers with an interest may then request a full copy.

El Paso suggests that the service obligation be fulfilled by posting on the EBB.

In light of the responses to the NOPR, the revised regulation is a combination of the alternatives suggested by several commenters and represents a reasonable

middle ground between requiring service of a complete filing and service of just the transmittal letter. The pipeline must provide the full copy within 48 hours if requested. Additionally, the pipeline must comply with any customer's standing request to receive a complete filing as the initial served filing. Customers are defined as customers of the pipeline with a contract for service as of the date of the rate case filing. While reducing the filing burden to the pipeline, this course assures that all interested parties receive complete notice adequate to making informed decisions about the proposal. Also, those parties that desire service of complete filings can make a standing request for such service in lieu of the abbreviated and 48-hour follow-up services.

i. *Section 154.209 Form of Notice for Federal Register.* Section 154.209 replaces current § 154.28.<sup>46</sup> The modified form reflects current practice. The form has been changed from that in the NOPR to distinguish compliance filings that do not require Commission action within 30 days from the date of filing, from other rate filings.

Michigan and New York request that the notice be modified to contain a brief narrative discussing the financial impact of the proposed change on each class of service and any conditions of service affected by the change. Michigan and New York state that filings that fail to include such notice should be rejected. The Commission rejects this suggestion. This information can be derived from the filing that is being noticed. The purpose of the notice is merely to get the attention of interested parties who may then review the full filing.

NI-Gas states that the form of notice should also include the name, address, telephone number, and FAX number of a contact person. This information is on the title page of the filing and does not need to be in the notice.

The NOPR invited comments on whether the **Federal Register** notice is useful and should be retained in addition to the Commission's electronic notice. Columbia, Consumers Power, UDC, and Northwest/Williams state that the **Federal Register** notice is useful and should be retained in addition to the Commission's electronic notice. El Paso recommends that, if paper copies of filings are required, the **Federal Register** notice should be the only document served on customers. The full filing would be available on the EBB. SoCal prefers the Commission CIPS as the

<sup>45</sup> This regulation appeared in the NOPR as § 154.207.

<sup>46</sup> This regulation appeared in the NOPR as § 154.208.

source for postings rather than the **Federal Register**.

Generally, these comments indicate that the **Federal Register** notice is useful and should be retained in addition to the Commission's electronic notice.

j. *Section 154.210 Protests, Interventions, and Comments.* Section 154.210 replaces current § 154.27.<sup>47</sup> The intervention, comment, and protest periods are to be standardized as has been the practice with oil pipeline tariff filings. Interventions, comments, and protests must be filed within 12 calendar days of the filing date and comments must be filed at the same time as interventions and protests.

The NOPR had proposed that the interventions, comments, and protests be filed within "10 days" of the filing. Many commenters objected to changing from the former 15-day time period and argued that more time was needed to adequately review the more complete initial filings. Numerous alternatives were suggested for comment periods ranging from 10 to 30 days. The Commission has balanced the need to allow sufficient time for interested parties to review a filing with the need for the proceeding to progress swiftly. The use of the 12 calendar day standard achieves this balance.

#### 4. Subpart D—Material to be Filed With Changes

a. *Section 154.301 Changes in Rates.* Section 154.301 establishes that subpart D pertains to rate change filings under the cost-of-service methodology; i.e., all rate change filings except those filed under subparts E, F, and G.<sup>48</sup> Subpart D is applicable to both rate increase and decrease filings. The current special filing requirements for "minor pipelines" are removed. Section 154.301(c) replaces current § 154.63(e)(1). Minor rate increase filings, as now covered by § 154.63(b)(4), and rate decreases have reduced filing requirements under § 154.313. In addition, proposed changes other than to rate level must be made under subpart G, discussed *infra*.

NI-Gas strongly supports the proposal that a pipeline must be prepared to prosecute its case based on the information included with its original filing. NI-Gas argues that this requirement will help with the initial review by parties; eliminate the first stage of many procedural schedules; prevent a pipeline from introducing new explanations, proposals, and

evidence well into the course of a contested proceeding; and allow more comprehensive Commission review initially. AGD agrees that these regulations embody the proper approach to the rate filing process, and argues that there should be no reluctance on the Commission's part to reject incomplete rate filings or any pipeline's attempts to supplement rate filings.

Conversely, INGAA believes the regulations severely restrict the pipeline's ability to defend its submitted rate case. INGAA suggests removing the word "solely" from this section (with regard to requiring the pipeline to rely solely on its initial filing to sustain its burden of proof on proposed changes) and broadening the material that would be admissible in the defense of a rate case. Panhandle believes requiring the pipeline to rely solely on its initial filing would actually increase the time and effort required of other parties and the Commission's staff. Panhandle maintains it is impossible to anticipate every issue the parties may raise, and that the regulations could be read to preclude the pipeline from filing supplemental direct or rebuttal testimony to address issues raised subsequent to the rate filing.

Similarly, Columbia requests clarification that nothing bars a pipeline from filing answering and rebuttal testimony in its own rate case proceedings. Williston also seeks clarification that the filing of supplemental data by the company is not precluded. The Commission confirms that this regulation does not interfere with a company's rights, during a hearing, to respond to opposing testimony and evidence.

The Commission agrees with the comments of NI-Gas and AGD, above. Further, the substantial body of rate proceeding case law as well as the practices that have developed in the prosecution of rate cases should provide a pipeline with knowledge of what issues must be developed in its case-in-chief.

Panhandle requests confirmation that § 154.301(c) relates only to proposed changes, and that the Commission does not intend by promulgating these new regulations to change the prior holdings of the courts or the Commission on the burden of going forward or the burden of proof. Panhandle also requests clarification that matters already sworn to in the filing need not be addressed again in Statement P.

The requirements found in § 154.301(c) that a pipeline must be prepared to go forward at hearing and sustain its burden of proof based on the materials in its filing are the same as

those currently in effect in § 154.63(e)(1), with some editorial changes and will be interpreted by the Commission in the same way.

b. *Section 154.302 Previously Submitted Material.* Section 154.302 replaces current § 154.63(c)(1) and (2). A current FERC Form No. 2 must accompany the filing.<sup>49</sup>

NGT requests clarification that this regulation represents no change in current practice; submission of a copy of the Form No. 2 does not constitute part of the rate filing for which service may be required pursuant to § 154.207.

The Commission notes that the language of the revised regulation is essentially the same as the current section. The Commission clarifies that the FERC Form No. 2 remains an item by reference and does not constitute part of the filing for which service is required pursuant to § 154.207.

c. *Section 154.303 Test Periods.* Section 154.303 replaces current § 154.63(e)(2)(i) and (ii). The section has been completely rewritten.<sup>50</sup> The Commission clarifies that the pipeline must remove from rates moved into effect the cost of any facilities not certificated (where a certificate is required) and in service as of the end of the test period.

National Fuel requested modification to the NOPR to clarify that adjustments to the base period may include costs for facilities that do not require a certificate and are in service by the end of the test period. Language to that effect has been incorporated into the final rule.

INGAA contends that § 154.303(c)(2) requires that a plant not certificated before the end of the test period must be excluded when motion rates are filed. INGAA states that it is impossible for a pipeline to estimate when the Commission will issue a certificate in a pending matter; and therefore, pipelines are forced to exclude the facilities in the compliance filing yet all other aspects of the pipeline's activities are updated to the end of the test period.

NGT and Panhandle seek clarification that the new regulations permit the inclusion of costs of facilities that are expected to be in service by the end of the test period, regardless of the status of a pending certificate application. NGT urge that the last sentence of the revised regulation should be deleted.

INGAA states that the regulation forces pipelines to exclude from the end of test period analysis of costs for certificated facilities. INGAA states a

<sup>47</sup> This regulation appeared in the NOPR as § 154.209.

<sup>48</sup> This regulation appeared in the NOPR as § 154.302.

<sup>49</sup> This regulation appeared in the NOPR as § 154.303.

<sup>50</sup> This regulation appeared in the NOPR as § 154.304.

procedure should be adopted whereby a pipeline may reflect the cost of facilities in service prior to the end of the test period if the end of the test period is beyond the effective date of the proposed rates.

NET suggests a clarification that permits adjustments for facilities for which a certificate application is pending, subject to the requirement of § 154.303(c)(2) that such costs be excluded if the facilities are not in service by the end of the test period.

In light of the above comments, the proposed regulation has been modified to allow adjustments for facilities for which a certificate application is pending, subject to the requirement of § 154.303(c)(2) that such costs be excluded if the facilities are not in service by the end of the test period.

Columbia urges the Commission to consider a more forward looking test period. That is, allow pipelines to project the more routine cost items (such as inflation and labor) one year beyond the end of the current nine-month test period. This comment is, in effect, seeking an extension of the test period. This the Commission is reluctant to do. The regulations are constructed so that the rate paid by a customer is based upon the costs incurred previously by the pipeline for providing the services to that customer. The adjustment period allows for the inclusion in rates of costs for items that are not a benefit to the rate payers at the time of filing but will be within a reasonable time thereafter. The Commission has set the cut off point for such costs at 9 months past the end of the chosen base period. The commenters have not shown that this period is unreasonable.

d. *Section 154.304 Format of Statements, Schedules, Workpapers, and Supporting Data.* Section 154.304 replaces current § 154.63(c)(3) and § 154.63(e)(4).<sup>51</sup> The Commission requires a narrative explanation of each proposed adjustment to base period actual volumes and costs.

INGAA states that the requirement to provide accounting workpapers to support data or summaries reflecting the pipeline's books of account will place a burden on the companies since the accounting workpapers could be voluminous. The information should only be provided when specifically requested by the Commission auditor. This suggestion has been adopted.

With respect to statements, schedules, work papers and supporting data, NGSA recommends that the filing format be

standardized by requiring that narrative explanations be placed at the beginning of the specific statement or schedule to which they apply. To reduce discovery burden rate case statement updates should be provided to parties specifically requesting them, as well as to the Commission. This suggestion has been adopted.

e. *Section 154.305 Tax Normalization.* Section 154.305 replaces current § 154.63a with revisions to clarify the section's applicability.<sup>52</sup> Pipelines will continue to be required to use tax normalization to compute the income tax component of the cost-of-service and to adjust rate base by accumulated deferred income taxes related to components of the cost-of-service.

f. *Section 154.306 Cash Working Capital.* Section 154.306 replaces current § 154.63b.<sup>53</sup>

g. *Section 154.307 Joint Facilities.* Section 154.307 replaces current § 154.63(e)(3) with stylistic changes.<sup>54</sup>

h. *Section 154.308 Representation of Chief Accounting Officer.* Section 154.308 replaces current § 154.63(e)(5) with only stylistic changes.<sup>55</sup>

i. *Section 154.309 Incremental Expansions.* Section 154.309 requires separate statements and schedules for incremental facilities, including those with Commission imposed at-risk provisions.<sup>56</sup> In some cases, pipelines maintain independent rate schedules (incremental rates) that are based on the costs of specific facilities. Separate statements and schedules for such facilities need to be provided to permit a proper evaluation of the rates based on the costs of those facilities. When pipelines have been unable to fully subscribe certain construction projects, the Commission has permitted construction to go forward with the pipeline placed at-risk for recovery of the costs associated with the unsubscribed capacity. Separate statements and schedules for at-risk facilities need to be provided so that the Commission can compare the revenue generated from the use of the facilities with the cost of the facilities, and determine whether to remove the at-risk condition.

The Pacific Northwest Commenters object to the requirement that separate data be provided for major expansions

since the pipeline's last rate case. They are concerned that this provision may impinge upon the development of policy in Docket No. PL94-4 on the pricing of pipeline facilities. Pacific Northwest Commenters suggest that until the Commission announces its policy, it would be better served to limit the scope of § 154.309 to existing incrementally priced services. NGSA makes a similar argument.

Since the NOPR was issued, the Commission has issued its policy statement regarding the pricing of pipeline facilities; and so, Pacific Northwest Commenters concerns are moot.<sup>57</sup>

Northern Border argues that this section appears to require the filing of a rate case within a rate case for facilities certificated with at-risk provisions. Northern Border states that this section appears to require a complete set of filing exhibits to be created for each separate at-risk facility even if the at-risk condition is not likely to be triggered and/or the company is not requesting within a rate case filing to remove the at-risk provision. Northern Border proposes that, if an at-risk provision has been triggered or it is certain to be triggered during a reasonable forthcoming period, then the company should be required to include in its filing any necessary information to support its position in that regard.

INGAA seeks clarification that the Commission did not intend for the pipeline to file separate schedules under § 154.312 and § 154.313 for each major expansion. INGAA proposes that § 154.309 be eliminated and that the Commission continue the current practice of including the information in Schedule C. Alternatively, the data required could be provided in summary form. Columbia does not object to providing certain summary schedules with respect to incremental and expansion facilities, but objects to the apparent requirement to provide a full filing pursuant to § 154.312 and § 154.313. Columbia supports INGAA's comments and further requests the Commission clarify what is meant by the term "major expansion."

El Paso also argues that the regulations should provide for flexible exhibits that produce information sufficient to demonstrate the pipeline's position with respect to incremental, at-risk, and major expansions since the pipeline's last rate case.

Great Lakes argues that this section: (1) Is premature until the Commission

<sup>52</sup> This regulation appeared in the NOPR as § 154.306.

<sup>53</sup> This regulation appeared in the NOPR as § 154.307.

<sup>54</sup> This regulation appeared in the NOPR as § 154.308.

<sup>55</sup> This regulation appeared in the NOPR as § 154.309.

<sup>56</sup> This regulation appeared in the NOPR as § 154.310.

<sup>57</sup> Pricing Policy For New And Existing Facilities Constructed By Interstate Natural Gas Pipelines, Docket No. PL94-4-000; Statement of Policy, 71 FERC ¶ 61,241 (1995).

<sup>51</sup> This regulation appeared in the NOPR as § 154.305.

determines its course of action in Docket No. PL94-4; (2) fails to recognize that each cost may not be separately identifiable; and (3) magnifies the size of an applicant's filing (in Great Lakes's case, at least 7 separate sets of schedules and statements would be required). Great Lakes urges the Commission to delete proposed § 154.309. TransCanada filed similar comments.

NI-Gas supports the separate reporting of the costs associated with facilities subject to an at-risk condition. NI-Gas also states that a pipeline should be required to report the revenues associated with at-risk or incremental facilities and the reasons why it allocated the revenues to those facilities, rather than unsubscribed "general" system capacity.

The Commission did not eliminate proposed § 154.309 as requested, but did modify this section in several respects. First, the Commission deleted the requirement that this section applies to "every major expansion since the pipeline's rate case." This information may be too broad and need not be filed with the rate case filing. In this respect, the Commission notes that § 154.312, Statement O, as modified by this rule, requires pipelines to list each major expansion and abandonment since the pipeline's last rate proceeding and provide the costs by function. This summary data should provide adequate information for parties in the proceeding to evaluate significant changes since the last rate case proceeding.

The Commission will require that the pipeline provide a summary statement that lists the cost-of-service components and revenues associated with each incremental and at-risk facility in lieu of separately identifying each cost on the statements and schedules contained in § 154.312 and § 154.313. However, where applicable, appropriate cross references to § 154.312 and § 154.313 should be made. This change eliminates the bulk of the burden imposed by the section as proposed. The summary statement should provide pipelines with the flexibility sought by El Paso.

Permitting the summary statement, in lieu of a separate identification of each cost and revenue contained on the statements and schedules in § 154.312 and § 154.313, balances the parties' needs for informative data, but will not be so burdensome as to require a "rate case within a rate case" as suggested by some parties.

Lastly, with respect to NI-Gas' request to include revenues associated with the incremental and at-risk facilities, the pipeline will need to cross reference the statements and schedules contained in

§ 154.312 and 154.313. These sections include the recording of revenues (For example, Schedule G-4). Therefore, the information sought by NI-Gas will be provided in the pipeline's filing.

j. *Section 154.310 Zones.* Section 154.310 requires a cost breakdown by zone if the pipeline maintains records of costs by zone.<sup>58</sup>

Panhandle commented that proposed § 154.310 and § 154.312 were inconsistent. Proposed § 154.310 required cost-of-service by zone only if a pipeline proposes a zone rate method, while proposed § 154.312 appeared to require a cost-of-service for each zone regardless of the underlying rate method. Panhandle suggested clarifying language. The Commission agrees with Panhandle. Section 154.310 requires a cost-of-service by zone only if a pipeline maintains records of costs by zones and proposes a zone rate methodology based on these costs. Section 154.312, Schedule I-1 (c), has been modified as proposed by Panhandle.

SoCal states that if the company files for zone rates, whether to continue existing zone rates or to establish zone rates, a cost breakdown should be mandatory. However, the Commission does not order companies to maintain plant accounts and cost-of-service by zone. This is an election made by the individual company. Section 154.312, Schedule I-3 (a) requires a company to show how the cost-of-service is allocated among rate zones by function. This schedule should give SoCal the information it seeks by zone.

k. *Section 154.311 Updating of Statements.* The Commission requires certain Statements and Schedules to be updated, once, 45 days after the end of the test period.<sup>59</sup> This provision has been changed from the NOPR which required the statements and schedules to be updated, quarterly, for each month of the test period.

In response to comments, the Commission agrees that quarterly updates are burdensome and will require only one update at the end of the test period.

Northern Border states that this provision should not apply to pipelines with cost-of-service tariffs. Because such pipelines do not rely on test-year adjustments, updates would be burdensome and unnecessary. This section was created to govern the vast majority of the regulated entities that do not have cost-of-service tariffs. We agree that the update is not necessary for a

pipeline with a cost-of-service tariff. Therefore, Northern Border's request for a waiver of this section is granted.

MoPSC requests clarification that the filing of updated material for the test period does not amend the company's direct case. MoPSC contends it is essential that the Commission clarify that the required filing of updated actuals will not amend/change a company's direct case and that updates are intended to provide the Commission and interested parties with additional information to help evaluate the projections and estimates used by a company in its direct case. The Commission grants both these clarifications.

l. *Section 154.312 Composition of Statements.* Section 154.312 replaces current § 154.63(f) with revisions to the statements and schedules as discussed below.<sup>60</sup> Many changes are self explanatory or merely editorial and are not discussed here.

1. *Schedule B.* INGAA requests that regulatory assets and liabilities not be listed on Statement B unless entries specifically are reflected in the computation of rate base.

The Commission agrees with INGAA's comments and clarifies that regulatory assets and liabilities should only be listed if the pipeline seeks recovery of these items in the computation of rate base.

2. *Schedule C.* Columbia states that only the end of base period balances and test period adjustments and end of the test period balances should be reflected on this statement. The Commission disagrees. These beginning balances are currently required and have proved to be necessary for a complete analysis of the pipeline's plant and examination of specific plant changes.

NGSA recommends that Account 117 include volumes, as well as costs, by subaccount and show activity by month for the base period, including Account 117.4 (gas owed to system gas). NGSA believes this modification is necessary to track the use of system gas.<sup>61</sup> The Commission agrees with NGSA's recommendation that Account 117 should include volume data and show monthly activity to track the use of system gas. In this restructured era, an accurate accounting of system gas is important for the determination of the appropriate level for storage gas and of

<sup>58</sup> This regulation appeared in the NOPR as § 154.313.

<sup>59</sup> This regulation appeared in the NOPR as § 154.311.

<sup>60</sup> This regulation appeared in the NOPR as § 154.312.

<sup>61</sup> NGSA in its comments to the companion rule suggested modifications to the Commission's proposal by retaining Account 117 as "Base Gas" and Account 164 as "Working Gas".

capacity retention. Proposed Statement C was modified accordingly.

3. *Schedule C-1, End of Base Period Plant Functionalized.* Schedule C-1 does not refer to storage facilities as "underground" or "local" and requires the showing of plant in service by functional classifications.

INGAA states that the same information is proposed to be required by both Schedule C-1 and Statement I. INGAA's observation is correct, proposed Schedule C-1 and proposed Statement I were duplicative with regards to the requirements to reflect plant by zones and expansions. Therefore, these requirements have been removed from revised Schedule C-1.

INGAA and Columbia commented that proposed Schedules C-1 and C-2 appear to break information currently contained only in Schedule C-1 into two schedules. INGAA recommended that proposed Schedule C-2 be deleted and the information be included in Schedule C-1 in order to avoid an unnecessary administrative burden.

Proposed Schedule C-1 provided data on the functional gas plant for the base period. Proposed Schedule C-2 provided data on the functional gas plant for the test period. The Commission agrees with INGAA and Columbia that these schedules should be combined in order to avoid unnecessary administrative burden. Accordingly, Proposed Schedule C-1 has been modified to include the data provided in Proposed Schedule C-2. Proposed Schedule C-2 was deleted and all subsequent schedules renumbered.

Columbia states that the only significant data necessary is total plant in service (as reflected in Account 101, et. seq.) and not data by Account 300, et seq. Columbia states that the language specifying that plant in service be detailed by account numbers should be deleted. The Commission did not adopt Columbia's suggestion. The current regulations require gas plant in service by plant account. The Commission has found that account balances for plant in service are critical to the analysis of changes in gas plant and determination of depreciable plant.

4. *Schedule C-2 (Proposed Schedule C-3).* INGAA states that listing every work order separately will result in unneeded and unhelpful detail. INGAA suggested grouping by category of items whose cost is less than a threshold level of \$500,000. To reduce administrative burdens, the Commission adopted INGAA's proposed modification to permit grouping by category of items where the cost is less than \$500,000. Proposed Schedule C-2 was modified accordingly.

Columbia states that this information is provided in Schedule C-1 as plant adjustments and Schedule C-2 should be eliminated.

The Commission agrees that the plant totals are included in Schedule C-1 as plant adjustment. However, the details of the plant adjustments (i.e., work orders) are not reflected. The components of these plant adjustments provide the data necessary to determine the accuracy of the proposed plant adjustments and to determine which additions are pending certificate authorizations.

5. *Schedule C-3 (Proposed Schedule C-4).* Columbia and INGAA state that Schedule C-3 requires duplicate information and should be eliminated because the pipeline customers own the majority of the gas.

This is true for those pipelines whose storage gas is owned by the customers. However, many pipelines still own a portion of the storage gas as base and system gas. Those pipelines must report this data.

AGD and Brooklyn Union recommend that this schedule specify: (1) Monthly storage gas quantities; (2) the term "storage projects owned" be defined to include storage projects under contract to a pipeline; (3) data on customer-owned gas, separately states the amounts held in Account Nos. 117 and 164; and (4) pipeline owned and contracted storage volumes be shown separately for Account 117 gas and Account 164 gas. AGD concludes that these modifications will assist pipeline customers and Commission staff in analyzing a pipeline's usage of storage resources.

Modifying the regulations as recommended by AGD and Brooklyn Union will aid in our investigation of the storage projects. The Commission clarifies that the term "storage projects owned" includes storage projects under contract to a pipeline. We note that customer-owned gas is not reflected on the pipeline's books and therefore, is not included in Account 117. Further, Schedule C-3 must reflect the monthly volume activity in Account 117 and separately state the amounts and volumes held in Account 117 for pipeline owned and contracted storage.

Columbia requested that the Commission reestablish the ability to cross reference Schedule C-3 to FERC Form No. 2. The Commission agrees that FERC Form No. 2 is an integral part of the Commission's analysis of the pipeline's filing. Accordingly, the revised regulation reestablishes a pipeline's ability to cross reference Schedule C-3 with FERC Form No. 2.

6. *Schedule C-4 (Proposed Schedule C-5).* Williston states that this schedule should be eliminated because the requested data is also provided in FERC Form No. 2. The Commission did not adopt Williston's suggestion. The Commission agrees with Williston that the information required on this schedule would be duplicative if the pipeline has not changed its procedures since it last filed FERC Form Nos. 2 and 2-A. Therefore, the Commission's clarifies that Schedule C-4 must be reported only if the pipeline has changed any of its procedures since the last filed FERC Form Nos. 2 or 2-A.

7. *Schedule C-5 (Proposed Schedule C-6).* Columbia recommends that since Accounts 101 and 106 can only be included in a pipeline's gas operations, this schedule should be eliminated.

Schedule C-5 is reported only if significant changes over \$500,000 have occurred since the end of the year reported in the company's last FERC Form No. 2.

8. *Schedule D.* Columbia and INGAA recommend that only the base period adjustments and test period balances be reflected on this schedule. Furnishing these beginning balances is required by the current regulations. The Commission has found that the beginning balance is necessary for the analysis of the pipeline's plant reserve and examination of specific plant reserve changes.

Columbia states that any authorized negative salvage value reflected as a separate part of Account 108, should be required only if the negative salvage value is defined and looking forward. Adopting Columbia's suggestion would also require creating a separate subaccount to specifically identify these amounts in the reserve account and enhance our analysis of the negative salvage account balance and associated rates. Accordingly, proposed Statement D was revised to require that any included negative salvage value must be separately maintained in a subaccount of Account 108.

9. *Schedules D-1 and D-2.* Proposed Schedule D-1 required actual end of base period depreciation, depletion, and amortization balances by functional classifications. Proposed Schedule D-2 required projected end of test year balances for depreciation, depletion, and amortization by functional classifications. Columbia and INGAA state that Proposed Schedule D-2 should be deleted because the information is currently reported on Statement D.

Proposed Schedule D-1 provides the functional gas plant for the base period and Proposed Schedule D-2 provides

the functional gas plant for the test period. The Commission agrees with Columbia and INGAA that these schedules could be combined in order to avoid unnecessary administrative burden. Therefore, proposed Schedule D-2 was deleted and combined with Schedule D-1 and Schedule D-3 was renumbered as Schedule D-2.

10. *Schedule D-2 (Proposed Schedule D-3)*. Williston states that this schedule should be eliminated because the data is also provided in FERC Form No. 2. However, Schedule D-2 (proposed Schedule D-3) is filed only if a policy change has been made effective since the last annual report on FERC Form No. 2 or 2-A was filed with the Commission. Thus, there is no need to make the change suggested by Williston.

11. *Statement E*. Panhandle proposes to revise the instructions for Statement E to reinstate the deletion of the gas stored underground. In response to numerous commenters in the companion rule, the Commission decided to permit a pipeline, in its next rate filing, to choose either the fixed asset or the inventory model for storage accounting. Therefore, all current gas stored underground previously recorded in Account 164 will be recorded in Accounts 117.2, System Balancing Gas, and 117.3, Gas Stored in Reservoirs and pipelines-noncurrent. Account 117.2 will be reflected in a pipeline's gas plant on Schedule C. Only gas for resale from underground stored recorded in Account 117.3 will be reported in Statement E. No additional recognition will be accorded system gas in working capital, since no working capital requirement should result from system balancing. Therefore, Statement E reinstates the gas for resale underground storage. If a pipeline believes it can show a working capital requirement for system gas, then the pipeline can file for cash working capital in accordance with Schedule E-1.

Panhandle states that companies should continue to have the right to request working capital treatment for other items. The Commission clarifies that a company has the right to request any working capital treatment of any justifiable item and the Commission can rule on the appropriateness of that item based on the evidence presented.

12. *Schedule E-3*. Northwest/Williams recommend that this schedule should only be submitted by a pipeline utilizing an authorized PGA mechanism. The Pacific Northwest Commenters recommend that Schedule E-3 be submitted by any company which utilizes an authorized PGA mechanism or which utilizes storage for system balancing. In addition,

Panhandle states that the instructions for Schedule E-3 should be revised by deleting the first sentence restricting this schedule of gas stored current to applicants utilizing a PGA mechanism.

Currently, there are only two pipelines with authorized PGA mechanism and these pipelines have no storage. Thus, there is no reason to maintain this schedule as originally proposed.

Panhandle does not support the change in accounting for storage and therefore believes current Schedule E-2 should be retained. Since pipelines may have gas for resale in underground storage, the current Schedule E-3 will need to be reinstated to allow the reporting of this gas. Thus current Schedule E-2, Storage Gas Inventory, is reinstated as revised Schedule E-3.

14. *Schedule E-4*. NGSA recommends that Schedule E-4 (Storage Inventory) show and explain the source, pricing, each use of working gas (i.e., system balancing, working gas for sale, etc.) and be reconciled to Account 117.3 (injected base gas, recoverable) and Account 117.4 (gas owed to system gas). NGSA deems this modification necessary to track the use of system gas. (NGSA in its comments to the companion rule suggested retaining Account 117 as "Base Gas" and Account 164 as "Working Gas".) The Pacific Northwest Commenters believe that this information on storage inventory will be valuable for any pipeline utilizing storage to provide system balancing.

The Commission agrees with NGSA's and Pacific Northwest's<sup>62</sup> comments that the tracking of system gas is important. The companion rule allows pipelines to use either the fixed asset model or the inventory method for storage accounting for system gas included in Account 117. Thus, system gas will be reported in Account 117.2 will be accounted for or tracked on Schedule C. Account 117.3 will be reported on Schedule E-3 and will reflect only gas for resale from underground storage. No working capital requirement results from Account 117.4. Therefore, proposed Schedule E-4 is not necessary and will be deleted.

15. *Proposed Schedule E-5*. INGAA states that proposed Schedule E-5 shows cross-references to other schedules containing the computations and explanations, and so, this filing requirement should be made optional to serve pipelines filing a lead-lag study.

Columbia states that the proposed schedule should be consolidated with Statement E or eliminated because it

requires the components of working capital to be set forth in sufficient detail and contain cross references to other schedules containing the computations and components of working capital.

The Commission agrees with INGAA's and Columbia's comments and incorporated the language of proposed Schedule E-5 into Statement E and did not promulgate proposed Schedule E-5.

16. *Statement F-2*. NDG recommended requiring the filing pipeline to submit a table showing the pipeline's earned rate of return on rate base and earned return on equity for the base period. Thus, the Commission and interested parties would be able to (1) evaluate whether the Commission orders on previous rate filings have enabled the filing company to earn the Commission authorized return and (2) evaluate the pipeline's proposed revenue requirements.

The Commission disagrees with NDG's recommendations to modify proposed Statement F-2. The information can be calculated from data available in FERC Forms No. 2 and 2-A.

17. *Statement G, Revenues, Credits, and Billing Determinants*. Statement G replaces current Statement G (Gas operating revenues and sales volumes). The revised Statement G is a summary of information on all jurisdictional services. Statement G must be filed with the rate case. More specific information, in Schedules G-1 through 6, must be filed 15 days later. Schedules G-1 through 6 must also be served on parties that request such service within 15 days of the filing. The sixth paragraph of current Statement G(e), concerning credits, is now found in Statement G subparagraph (2). The Commission requires the allocated GSR component of IT rates to be unbundled and treated as a separate component for rate case filing purposes in order to better compare and reconcile the cost-of-service to revenues. AGD supports the portion of Statement G which provides that the filing must identify the GSR component of interruptible transportation revenue as a "transition cost."

The Industrials suggest standardized customer names or some way to correlate data between Statement G and the proposed Index of Customers (§ 154.111). The Commission does not believe it is necessary to standardize names. Based on our experience, it is not difficult to correlate the names used in Schedules G-1 and G-2 with those in the Index of Customers.

AGD recommends that Statement G be modified so that Statement G is required to be submitted to "all Customers" not

<sup>62</sup> See comments on Schedule E-3.

just to "all affected customers." Under the revised regulation, all customers who are customers of the pipeline on the date of the filing of the rate case will receive an abbreviated form of the filing. Any customer who has a standing request for service of the full filing will receive the full filing, including the summary Statement G on the date of the filing. Any other customer may request service of the complete filing and receive the complete filing (with the summary Statement G) within 48 hours of the request.

INGAA proposes that Statement G only include totals by rate schedules and zones. Some pipelines proposed that detailed information only be provided for customers that pay the maximum rate and that aggregate information would be provided for customers that receive discounts.

Panhandle, Great Lakes, and ANR/CIG state that the proposed regulations governing Statement G significantly expand the previous requirements and increase the burden on pipelines, without demonstrable benefit.

CPCo and MGSCo believe that the Commission's proposed Statement G would require pipelines to reveal commercially sensitive information. Panhandle, INGAA, ANR/CIG, Great Lakes, and El Paso state that pipelines should not be required to disclose commercially sensitive information in Statement G. CPCo and MGSCo believe that the Commission proposal should be modified such that information that is truly commercially sensitive need not be provided until a protective agreement covering such has been signed by the parties.

The Agreement filed by INGAA and AGD contained a detailed alternative structure for Statement G. ANR/CIG also suggested revisions to the Commission's proposed Statement G reporting requirements.

In light of the above comments, proposed Statement G has been modified substantially. The Commission has required a summary Statement G to provide enough information to begin the analysis of the rate case. However, the customer specific information is not required immediately; and, is only served on customers requesting service. The Commission has not adopted commenters' position that such detailed information is generically confidential, privileged, or proprietary. Rather, the Commission concludes that, in the ordinary course, such information should be publically available.

In support of the proposal in the AGD and INGAA Agreement that contracts, discount information, and specific customer information relating to

revenue impact and billing determinants would be submitted under seal, the Agreement stated "AGD and INGAA agree that the information discussed below is commercially-sensitive and that its publication in mandatory filings may be detrimental to competition. AGD and INGAA believe that the goals of the regulatory process can be achieved without divulging information which is commercially-sensitive."<sup>63</sup>

The request that portions of the filing be treated as confidential on a generic basis finds little support in either the statutory framework or precedent. The NGA, on its face in section 4, requires pipelines to file contracts when seeking a rate change. Section 4(c) of the NGA provides that the pipeline shall file, under the Commission's regulations, and shall:

Keep open in convenient form and place for public inspection, schedules showing all rates and charges for any transportation or sale subject to the jurisdiction of the Commission, and the classifications, practices, and regulations affecting such rates and charges, together with all contracts which in any manner affect or relate to such rates, charges, classifications, and services.

If confidentiality is required as to any specific contract, § 388.112 of the Commission's regulations sets forth the procedure to be followed.<sup>64</sup>

With the introduction of competition in the interstate sale of gas, the Commission has sustained the claim of confidentiality with respect to price information where the party lacks market power, because the information could be used by competitors to undercut that party's bids. There is a different answer for transportation-related information. Unless proven otherwise, there is a presumption that a pipeline still retains a substantial degree of market power in the transportation of natural gas. Therefore, the Commission cannot presume the existence of competition for transportation. When the claim of confidentiality has been asserted in Commission proceedings, the Commission has required the claim to be supported with specificity, rather than with vague and speculative allegations of competitive harm,<sup>65</sup> since the Commission must "balance the need for public disclosure against the harm

caused by release of the information."<sup>66</sup> The Commission intends to apply this standard to the customer-specific information in Schedule G.

18. *Schedule G-1, Base Period Revenues.* Schedule G-1 requires data on actual revenues for all services and customers, rather than solely on sales revenues, as currently required by Schedule G(a), or solely aggregate transportation revenues, as currently required by Schedule G(c). Schedule G-1 also requires: (1) Identification of revenues by customer, by rate schedule, by month, and by billing determinant (not adjusted for discounting) which is similar to the data currently required by Schedule G(e) fifth paragraph; (2) separate identification of revenues for short-term firm transportation services; (3) capacity release information; (4) an identification of affiliated customers; and (5) identification of rate schedules, where revenues are credited as currently required by Schedule G(c).

NI-Gas supports Schedule G-1, specifically the reporting of the actual revenues, including actual billing determinants. Panhandle states that base period data on revenues (Schedule G-1) serve no purpose in the design of rates and should not be required because rates are designed using base period volumes as the starting point for determining an appropriate level of test period volumes, but base period revenues are not used.

The Commission disagrees. This information is needed to compare the level of revenue change. The Commission notes that Schedule G(1) reduces the burden by nearly half, compared to the current regulations, because a pipeline is no longer required to show existing rates with test period volumes and proposed rates with base period volumes.<sup>67</sup>

The Commission clarifies, as requested by AGD, that the reference to "associated revenues" in Schedule G-1 in connection with released capacity relates only to the pipeline's collection of commodity charges received from replacement shippers.

Pacific Northwest suggested that the Commission clarify that the "separate identification" of capacity release transactions means that pipelines are to group together base period services which were rendered for replacement customers, and indicate which customers released the capacity to the replacement customer. The Commission is not requiring the separate identification of transactions for

<sup>63</sup> Agreement at 2. In the initial comments, INGAA had expressed similar objection to public disclosure, stating that the "proposed disclosures would undermine the pipelines' competitive position and would eventually stymie the same market competition that the Commission strives to foster". See pp. 3, 6, and 9.

<sup>64</sup> 18 CFR 388.112.

<sup>65</sup> Trunkline Gas Company, 49 FERC ¶ 61,227 (1989).

<sup>66</sup> ANR Pipeline Co., 65 FERC ¶ 61,280 at 62,305 (1993) (ANR).

<sup>67</sup> See current § 154.63, Statement G (a) and (b).

replacement customers. Since "replacement" customers have become "primary" customers of the pipeline, they will be identified in the same manner as all other "primary" customers. The Commission is, however, requesting summary information in Statement G on capacity release revenues and throughput in order to evaluate the effect of the secondary market on the level of other services, such as interruptible transportation.

Pacific Northwest suggested changing the fifth sentence to: For transportation services provided through released capacity during the base period, identify the released usage quantities and associated revenues by rate schedule, by contract, by month, and totals for the base period, and identify the customer that released capacity. The proposed regulation was modified similarly to Pacific Northwest's suggestion.

19. *Schedule G-2, Adjustment Period Revenues.* Schedule G-2 requires information similar to that required in Schedule G-1.

Panhandle and Great Lakes state that the requirements of Schedule G-2 should be modified as there is no need to provide the requested information by customer since rates are designed by rate schedule, not by customer. This suggestion was not adopted. The Commission believes that the customers should know the specific impact of the changes. Further, the Commission observes, this requirement is contained in the current regulations and we have not been persuaded that a change is necessary.

Williston states that Schedule G-2 requires that billing determinants not be adjusted for discounting. Williston believes that this could cause a distortion in the calculation of proper rate levels. However, such an adjustment is contemplated in Statement J-1. The purpose of Statement G is to show actual and estimated throughput levels, unadjusted for discounting.

ANR/CIG state that Schedule G-2 does not necessarily allow for the validation of either cost-of-service data or proposed rate design, as there is no linkage between designed and discounted rates.

The Commission finds that this data is necessary because revenue should match the cost-of-service plus any surcharges.

ANR/CIG also state that Schedule G-2 requires a level of detail which is simply not available with regard to discounted services. The Commission believes that if a pipeline's rates reflect discounted services, detailed

information to support such discounts must be provided. The Commission believes that discounting information is available if the pipeline's proposed rates simply reflect a continuation of the discounts experienced in the base period. If, however, the pipeline is projecting different types of discounting, the pipeline must provide data to support such discounting in Schedule G-2. Indeed, the Commission believes that this information is necessary for the pipeline to meet its burden of proof that proposed rates are just and reasonable.

Third, ANR/CIG state that the requirements of Schedule G-2 exacerbate the confidentiality concerns raised by the industry both at the pipeline and shipper levels. Instead, ANR/CIG suggest that the Commission should require a revenue study using maximum rates and design determinants. The Commission's position on confidentiality is discussed *supra*.

Columbia states that including the effect of rates that may have been in effect for a limited period of time during the base period will only serve to distort the revenue comparison. The Commission disagrees. The base period is a snapshot of a period of time and provides a necessary reference point for determining the rates for a subsequent period.

Great Lakes states that monthly adjustment period information would not be useful and should not be reported in Schedule G-2. The Commission disagrees. This monthly information is currently required by § 154.63(f), Statement G(b), and is used in determining trends in throughput and whether seasonal rates are appropriate. There has been no persuasive argument to change this requirement.

Pacific Northwest contends that pipelines should not be required to attempt to identify expected future capacity releases by each customer that is expected to release capacity; rather, the pipeline should be required only to identify a total expected level of capacity release activity based on experience in the base period as adjusted. The Commission disagrees. The base period identifies capacity release data by customer and the pipeline must justify any changes to base period services in order to adequately explain any proposed changes in rates. If the test period data is not provided with the level of detail required, customers would not be able to challenge the pipeline's projections with respect to their deliveries.

NI-Gas and Pacific Northwest ask the Commission to clarify that pipelines are

expected to include in the adjustment period a representative level of services for which there may not be firm contracts with primary terms extending to the test period, including interruptible and short-term firm services. The Commission believes this is already required by the regulations. Pipelines have always had the burden to propose throughput based on actual experience adjusted for known and measurable changes. If the pipeline provided interruptible and short-term firm services during the base period, but did not include representative levels for such services in the test period projections, it must justify the difference in Schedule G-3.

Pacific Northwest suggests the Commission change the fifth sentence to read as follows: Show separately any projected or representative level of released capacity usage quantities (Unadjusted for discounting) and associated revenues by rate schedule, by contract, by month, and totals for the projected period. The Commission believes that the proposed language change improves the text of the regulation. Accordingly, this suggestion has been adopted.

NGSA states that to reconcile cost allocation and revenue recovery, surcharge revenues should be separately shown for each applicable surcharge; to reduce the filing burden, Schedules G-1 (Base Period Revenues) and G-2 (Adjustment Period Revenues) should show total volumes and revenues by month, rate schedule (separately showing overrun and capacity release), rate charged and zone of receipt/zone of delivery (or other category by which rates are charged). NGSA asserts that information by customer should be available only upon specific request. These comments are supported by Chevron and generally supported by IPAA. The Commission notes that Statement G(A)(1) requires the separate identification of revenues from surcharges. Further, as noted earlier, the revised regulations only require the service of customer-specific information contained in Schedules G-1 and G-2 upon request.

Arizona Directs pointed out that proposed § 154.313(j)(6)(ii) appears to apply to all of Statement G and, if so, it should be separately stated. Referring to Schedules G-1 and G-2, Arizona Directs states that this data is extremely useful and should continue to be provided by pipelines in their rate filings. Customers should not need to make a specific request to obtain this information. Arizona Directs states the specificity of (Statement G) and other filing requirements will serve to

eliminate much current confusion. Arizona Directs' comments have caused us to reconsider the need for this requirement. We have deleted the proposed § 154.313(j)(6)(ii) from the final rule, and have moved the subject language to the front of Statement G. As explained earlier, parties may request Schedules G-1 and G-2 from the pipeline to obtain this information.

The Industrials state that revenue from transportation services should be shown by delivery point and/or zone to enable interested parties to determine if portions of a pipeline's system have become no longer used and useful and to conduct the appropriate geographic market analyses if a pipeline argues that it should be subject to non-cost-based ratemaking. The Commission believes that these suggestions are too burdensome. These regulations are only intended to cover filing requirements for cost-based rates.

20. *Schedule G-3.* Schedule G-3 is a description of adjustments to the base period. Schedule G-3 replaces current Schedule G(e) third paragraph. Schedule G-3 requires quantification of the impact of each proposed change rather than providing only throughput and contract level differences. The Commission believes this requirement is necessary in order for a pipeline to meet its burden of proof with respect to changes to billing determinants. This schedule should reduce follow-up data requests and shorten the time required to analyze and evaluate the pipeline's proposed changes.

ANR/CIG and Great Lakes state that the proposed Schedule J-1 seeks the same information as G-3, but on a summary level. ANR/CIG suggests moving the requirements of Schedule G-3 to Schedule J-1 in order to place the supporting calculations with the required summary and enhance the use of this data.

Statement G shows throughput data while schedule J-1 shows the billing determinants used to develop rates. As explained at Schedule J-1, the two sets of data do not always coincide. Thus, a reconciliation is needed. Because the two statements serve different purposes, the Commission will not require that they be consolidated. However, Proposed Schedule G-3 has been modified and no longer refers to "discounting."

Columbia states that this regulation could be interpreted to require that a determination be made as to the impact of each change in the cost-of-service on each customer. The Commission clarifies that the intent is not to require a determination to be made as to the impact of each change in the cost-of-

service on each customer but rather to explain and justify each adjustment.

AGD recommends that Schedule G-3 information be reported only by pipeline rate zone and by rate schedule. This proposal was not adopted as the NGA requires that the pipeline provide information necessary to meet the burden that proposed rates are just and reasonable. The required information is a necessary part of this proof.

NI-Gas supports Schedule G-3, specifically the requirement that test period adjustments to base period billing determinants be explained.

21. *Schedule G-4, At-risk Revenue.* Schedule G-4 compares revenues generated by "at-risk" facilities to the cost of those facilities, as specified in § 154.310.

Columbia contends that the at-risk revenue requirements of proposed Schedule G-4 are redundant and unnecessary given the present requirements for certification of new facilities and expansions. The Commission disagrees. The Commission believes that this requirement is an important one providing a single list in a rate case filing of all facilities that have an "at-risk" provision. This will ensure that the Commission and all parties are able to thoroughly evaluate whether the at-risk condition has been satisfied or should continue to apply to the pipeline.

NI-Gas argues this schedule should specify the reasons why the pipeline has assigned the particular revenues to the at-risk facilities, rather than to general unsubscribed system capacity. This suggestion was not adopted because Schedule G-4 requires the pipeline to provide at-risk revenues by customer by rate schedule. If parties disagree with the pipeline's assignment of revenues to specific customers or rate schedules, they may challenge the pipeline on this issue in the litigated phase of the rate proceeding. Pipelines are encouraged to address this issue at the time they file to remove their at-risk conditions.

22. *Schedule G-5, Other Revenues.* Schedule G-5 collects revenue data regarding the sale of products extracted from natural gas and other activities reported in Accounts 487-495. New requirements to quantify and explain changes to base period actuals and provide information about releases, penalties, cash outs, other imbalances, and exit fees are incorporated in this schedule. Revenues from miscellaneous services still must be reflected in Account 495. Further, pipelines must explain the circumstances relating to revenues from "special" types of "X" rate schedules. Revenues from the release of Account 858 capacity must be

reflected as a credit to Account 858 in both Schedule G-5 and Schedule I-4.

Panhandle maintains that the information required by proposed Schedule G-5 should only be required of those pipelines who do not have separate tariff provisions dealing with the disposition of cashout revenues, exit fees, and penalty revenues. The Commission disagrees. The items identified by Panhandle would apply to some items included in Account 495—Other Revenues. However, Schedule G-5 also requires information on sales of products extractions, revenues from gas processed by others, incidental gasoline and oil sales, rents from gas properties and interdepartmental rents (Accounts 490-494). Not requiring the information if a pipeline has a tariff provision on a non-related item will prevent the Commission and parties from receiving an accurate portrait of the pipeline's revenues for base and test period. Further, the information on all of the accounts is necessary for auditing purposes. The requirement is not intended to modify the pipeline's existing tariff provisions on releases, cashouts, imbalances or exit fees.

23. *Statement H-1.* Columbia and INGAA states that the proposal to identify specific months when a proposed test period adjustment will occur serves no purpose in Staff's rate analysis and the company would be required to speculate an event which places upon the company an unnecessary burden with no probable benefit or purpose and should be eliminated. The Commission agrees with Columbia and INGAA's comments and has eliminated the requirement to identify the month of the proposed test period adjustment.

The Pacific Northwest Commenters suggest that if the Commission intends to deal with rate case issues expeditiously, the Commission should require a pipeline to provide more adjustment information on Operation and Maintenance Expenses, than required in the proposed Statement H-1 description.

Proposed Statement H-1 requires a detailed explanation of the basis for each adjustment with supporting workpapers. If additional information is necessary, the parties can, through a data request, obtain the information. We want to reduce the filing burden, not increase it by requiring the filing of more adjustment information.

24. *Schedule H-1(1).* AGD recommends that expenses associated with project development including engineering, administrative and legal, and market development expenses be separately itemized by project. AGD is

concerned that a pipeline may be accruing expenses over its cash expenditures. AGD recognizes that some accruals may be in order, however, it seeks data that will allow customers to test whether a pipeline is inflating its expenses in order to increase its rates. AGD recommends that the Commission require a pipeline to reconcile its base period expenses with actual cash expenditures as a part of Schedule H-1(1).

The Commission agrees with AGD's recommendation to require a pipeline to reconcile the base period expenses to actual cash expenditures. Proposed Schedule H-1 requires the disclosure and explanation of any special accruals and will be modified to require identification of all accruals which will meet the AGD's recommendation.

25. *Schedules H-1(1)(c), H-1(3)(a), and H-1(3)(b).* Northwest/Williams recommends that Schedules H-1(1)(c), H-1(2)(a), and H-1(2)(b) should only be submitted by a pipeline utilizing an authorized PGA mechanism.

The Commission rejects Northwest/Williams' recommendation. Compressor fuel usage is reflected on these schedules and is used to determine the appropriate fuel retention percentage whether or not a pipeline has an authorized PGA mechanism.

Williston states that because fuel costs are recovered by a separate mechanism under a pipeline's existing tariff such costs should not be subject to review. Therefore, Schedule H-1(1)(c) should be eliminated. However, Williston contends volume data should be provided for gas balance purposes.

The Commission must review all fuel costs, whether recovered in a separate mechanism or not. Fuel usage is an important element of a pipeline's costs and though these costs may be tracked, a pipeline's tracker may require a redetermination of the base level in a rate proceeding. This data is reflected on Schedule H-1(1)(c) and therefore, can not be eliminated. Since both volumes and costs are recorded in the fuel accounts, the data is readily available. Thus, Schedule H-1(1)(c) will continue to reflect both volumes (quantities) and costs (expenses).

NGSA recommends that the following be grouped together and reconciled with purchased gas costs and other fuel reimbursement: Schedule H-1(1)(c) expenses and associated quantities applicable to Account Nos. 810, 811, and 812; Schedule H-1(3)(a) accounts used to record fuel use or gas losses; and Schedule H-1(3)(b) account used to record other gas supply expenses. NGSA maintains this modification would

allow pipeline gas use to be better understood and tracked.

We agree with NGSA that these schedules could be grouped together. However, we would prefer not to mix the fuel use schedule with the system gas reimbursement and exchange gas schedules. Since both Proposed Schedules H-1(3)(a) and (b) present primarily system gas transactions, we will combine them into a new schedule incorporating the same reporting requirements. Proposed Schedule H-1(1)(c) which reflects the company-used gas will not be revised.

Columbia states with the advent of Order No. 636 and the elimination of the merchant function throughout the industry, the need to retain gas for operations is nearly universal. Because the rate that shippers pay for the gas that is ultimately retained by a pipeline varies, the rate assigned for reflecting an expense for gas used on the system in Schedules H-1 and H-1(1)(c) is not meaningful for purposes of reporting expenses in these schedules.

The Commission agrees with Columbia. However Schedule H-1(1)(c) does not require the rate assigned for reflecting an expense for gas used on the system. Only the costs (expenses) and volumes (quantities) are required.

26. *Schedules H-1(2)(a) and H-1(2)(b).* These schedules were required for pipelines with Commission approved PGA clauses in their tariffs. Since these schedules would apply to only two pipelines, there is no reason to maintain them in the regulations. The data reported on these schedules will be gathered through the data request process. Thus, Schedules H-1(2)(a) and H-1(2)(b) are deleted. All subsequent schedules will be renumbered.

27. *Schedule H-1(2) [Proposed Schedule H-1(3)].* Columbia recommends that Schedule H-1(3) be eliminated because the data is also provided in FERC Form No. 2.

The Commission disagrees with Columbia that the data reflected on Schedule H-1(2) is provided in FERC Form No. 2. The data in the FERC Form No. 2 is reported on a calendar year basis and may not reflect the base period of a proposed rate filing.

28. *Schedule H-1(2)(j) [Proposed Schedule H-1(3)(k)].* NGSA recommends that proposed Schedule H-1(3)(k) be expanded under (iv) to require a pipeline to: (1) Document and demonstrate the derivation of the allocation bases used to allocate costs among affiliated companies; (2) identify (by account number) all costs paid to, or received from affiliated companies which are included in a pipeline's cost-of-service for both the base and test

periods; and (3) explain each test period adjustment to base period actuals for intercompany costs included in the cost-of-service. NGSA considers this information necessary where a pipeline has affiliated gas related companies providing non-jurisdictional services (e.g., marketing and gathering).

The Commission recognizes that NGSA's recommendations would provide valuable information on the non-jurisdictional services of a pipeline. As recommended by NGSA, the language in paragraph (iv) of Schedule H-1(2)(j) will be modified to incorporate NGSA's recommendations (1) and (2). Statement H-1 requires an explanation of all adjustments, and therefore, NGSA's recommendation (3) is not necessary.

The Pacific Northwest Commenters recommends that the Commission ensure that Schedule H-1(3)(k) or a separate schedule provides: (1) Complete and clear disclosure of all corporate overheads allocated to a pipeline; (2) a full explanation of the service provided; (3) a demonstration that such service is not duplicative of functions performed by the pipeline itself; and (4) the savings that result from sharing such services with other corporate affiliates. In addition, the Pacific Northwest Commenters recommend that where a pipeline uses an allocation formula, the pipeline must show all calculations using the formula.

Pacific Northwest Commenters' recommendations raise a valid area of concern regarding pipelines' overhead allocation. However, requiring a pipeline to provide the requested level of detail would be extremely labor intensive and it would be difficult for a pipeline to determine the savings without a costly study. We will clarify our instructions to incorporate language requiring a complete and clear disclosure of all corporate overhead allocated to the company with calculations underlying all allocation formulas.

AGD states in order to determine how joint costs are allocated between a pipeline and its affiliated entities, the Commission should clarify its regulations by declaring that a pipeline bears the burden of proving that all charges from affiliates and all overhead charges are just and reasonable, including per book amounts. AGD further recommends that a pipeline's failure to fully support charges from affiliates and overhead allocations should be grounds for summary rejection of any claimed amounts, including amounts taken from its books.

The Commission agrees with AGD and clarifies that a pipeline bears the

burden of proving that all charges from affiliates and all overhead charges are just and reasonable. However, AGD's recommendation for summary rejection of any claimed amounts would be prejudging a pipeline's case prior to a appropriate hearing before this Commission. The Commission disagrees with this recommendation.

Columbia and INGAA state that this schedule is voluminous and usually the only item of importance is overhead allocations, which are detailed on Schedule H-1(3)(f) (Account 923). They recommend that Schedule H-1(3)(k) should reflect only total amounts, not monthly amounts, and should reflect only major intercompany transactions. This can be accomplished by increasing the minimum dollar level reported to \$500,000.

Intercompany transactions affect many operating accounts, not just Account 923. However, to the extent details of intercompany transactions affecting Account 923 are provided in Schedule H-1(2)(j), pipelines may group all such transactions together in Schedule H-1(2)(e). The Commission must scrutinize affiliate transactions, particularly those with marketing affiliates. Therefore, a high threshold is not appropriate.

Panhandle states that a complete explanation and workpapers supporting each adjustment to base period expenses are already required by instructions for Statement H-1. There is no need to report these same adjustments separately in Schedule H-1(3)(k). The proposed regulation does not provide any justification or explanation for this added burden on the filing company.

Proposed Schedule H-1(3)(k) is a workpaper reporting the details of these intercompany and interdepartmental transactions, by account. Statement H-1 reports only the actual book balances for operating expense accounts and proposed adjustments to these accounts. The account details are necessary to determine the appropriateness of the individual charges, which is only available on this schedule. Thus, the Commission will not revise Schedule H-1(2)(j) to reflect Panhandle's recommendation.

Panhandle states that the additional requirement to report charges or credits to associated or affiliated companies should not be adopted since the amounts charged to affiliates are not included in O&M Expenses for the cost-of-service to the pipeline and are irrelevant to a determination of the pipeline's rates. Panhandle asserts further that the reporting of this data will add significantly to a pipeline's

burden without providing any demonstrated need for the data.

The Commission disagrees with Panhandle. Credits for charges to affiliates reduce the pipeline's operating expenses and therefore, are relevant to rate determinations. This requirement to report charges or credits to associated or affiliated companies is not a new requirement, and Panhandle has not provided a sufficient argument to change this requirement.

29. *Schedule H-1(2)(k) [Proposed Schedule H-1(3)(l)]*. Panhandle states that the details of all lease payments over \$500,000 are not required by Order No. 636, nor does this data appear to be required by any current articulated ratemaking policy of the Commission. Panhandle states that the Commission is imposing a significant new reporting burden without an explanation of why the information in Schedule H-1(3)(k) is needed or how it is significant. Panhandle states that the requirement should be deleted or limited to leases applicable to gas operations. The Commission clarifies that this schedule is for reporting only the leases applicable to gas operations.

30. *Schedule H-2(1)*. Northwest/Williams states that the information included on Schedule H-2(1) can be found on other statements or schedules.

Williston notes that Schedule H-2(1) rarely, if ever, draws inquiry. Williston believes the information on this schedule serves no regulatory purpose and should be deleted.

The Commission's disagrees with Northwest/Williams and Williston that the information on Schedules H-2(1), H-3(3), and H-3(4) are not useful in evaluating a rate filing or serves no regulatory purpose. Schedules H-2(1) provides the reconciliation of depreciable plant to the gas plant reflected in Schedule C-1. The Commission is unaware of this information being available in another schedule.

31. *Statement H-3*. NGSAA recommends that Proposed § 154.305, Tax Normalization, be incorporated into the instructions for income taxes under § 154.312, Statement H-3. The Commission agrees with NGSAA and modified Statement H-3, accordingly.

32. *Schedules H-3(1)-(3)*. Columbia avers that Schedules H-3(1) through (3) are rarely relied upon and should be eliminated and asks that the Commission clarify the exact intent of this schedule with respect to the proposed changes to § 154.306(d)(2).

INGAA states that Schedule H-3(1) is seldom used in rate analysis and should be deleted from the filing requirements. Columbia and INGAA states that

virtually all interstate gas companies utilize "full normalization" concept in computing income taxes, therefore no differences exist and Schedule H-3(2) should be deleted from the filing.

Northwest/Williams states that Schedule H-3(3) is not useful in evaluating a rate filing. Williston notes that Schedule H-3(3) rarely, if ever, draw inquiry. Williston believes the information on this schedule serve no regulatory purpose and should be deleted.

Schedules H-3(1) was intended to report the reconciliation of book and taxable net income for a pipeline. The data as reported rarely reflect the same time period as the base period of the rate filing. Thus, we find the information has limited use in the overall analysis by our staff. Therefore, we have deleted Schedule H-3(1).

Proposed Schedule H-3(2) had required reporting the differences between book and tax depreciation on a straight-line basis and the excess of liberalized depreciation for tax purposes. As noted by INGAA, most pipelines utilize the "full normalization" concept in computing income taxes, therefore no differences exist. Thus, the Commission will delete Schedule H-3(2) in the final rule.

Proposed Schedule H-3(3) (New Schedule H-3(1)) reflects the state income taxes paid during the current and/or previous year covered by the test period. This is the only schedule of a rate filing where state income taxes paid by state are reflected. A thorough evaluation of the state tax rates, allocation factors, etc. is necessary to complete our analysis of a rate filing.

33. *Schedule H-3(4)*. Columbia recommends that the regulatory asset or liability, net of deferred tax amounts, be included in a reconciliation of Schedule H-3(4) or a workpaper be established to support the calculation of the regulatory asset or liability on Schedule B-2.

The Commission agrees with Columbia that the regulatory asset or liability net of deferred tax amounts should be included in a reconciliation of Schedule H-3(4) or as a workpaper to support the calculation if included on Schedule B-2, if recovery of these costs are included in the computation of rate base. However, the gross amounts should also be included.

Williston notes that Schedule H-3(4) rarely, if ever, draws inquiry. Williston believes the information on this schedule serves no regulatory purpose and should be deleted.

Schedule H-3(4) presents accumulated deferred income taxes for the latest reporting period reflected on Statement B, Rate Base. The information

reported on this schedule is vital for the determination of a pipeline's appropriate rate base level and will not be deleted. Proposed Schedule H-3(4) is renumbered Schedule H-3(2).

34. *Schedule H-4*. INGAA states that the value of identifying the amounts expended or accrued during the rate period would not be comparative. This is so because there is usually an overlapping of a payment year and the reported year in a rate filing.

Proposed Schedule H-4, except for editorial revisions, is identical to the prior regulations. INGAA's arguments have not persuaded us that there is no longer a need for this information to be reported. The amounts reflected on this schedule provide the Commission with a beginning point in the overall analysis of other taxes by furnishing the expended and accrued taxes for the base period.

35. *Schedule I-1, Functionalization of Cost-of-Service*. Schedule I-1 replaces current Statement I (Allocation of overall cost-of-service). The information on jurisdictional and nonjurisdictional sales allocation is eliminated as no longer needed.

Schedule I-1(c) requires a pipeline that maintains its records by zones and proposes a zone rate methodology to provide functionalized costs for each zone. NGSA suggests that Schedule I-1 (c) should only be required for pipelines which separate their cost-of-service by zones. This is already the case. Section 154.310 requires a cost-of-service by zone only if a pipeline maintains records of costs by zones and proposes a zone rate methodology based on these costs. (See the discussion of § 154.310.)

NGSA also states that on Schedule I-1 (d), pipelines should be required to show the basis for allocating all costs (A&G, working capital) among functions. This showing will be required by the new regulations as it is required by the current regulations.

36. *Schedules I-2(i) and (ii)*. Schedules I-2(i) and (ii) replace present Schedule I-2. Schedule I-2(iii) requires an explanation of all changes in classification from the pipeline's currently effective rates. This information is required by current Schedule K-2, but is often difficult to distinguish from other information.

INGAA, ANR, and CIG state that in Schedule I-2, classification of administrative and general expenses by account serves no useful purpose in rate analysis. Columbia notes that the classification of A&G costs by account is not useful if the pipeline allocates on a direct labor basis because the classification is fixed and recoveries occur through the demand charge. The

Commission disagrees. A&G costs by account, are used to determine whether costs should be allocated by plant or direct labor under the Kansas-Nebraska method. Accordingly, the proposed requirement to provide A&G costs by account has not been removed.

NGSA states that Schedule I-2 should require the classification of revenue credits by account. Revenue credits generally include Accounts 490-495. The amounts reflected in several of these accounts (such as Account 492-Incidental Gasoline and Oil Sales) would ordinarily be classified as variable costs. However, the revenues from Account 493-Rent From Gas Property would be classified as a fixed cost. Thus, a breakout of the classification of revenue credits by account is needed. The Commission modified proposed Schedule I-2 accordingly.

37. *Schedule I-3, Allocation of Cost-of-Service*. Schedule I-3 replaces current Schedule J. Schedule I-3(ii) bridges the gap between the cost-of-service and rates. The information required is now filed under current Schedule K-1. Schedule I-3(ii) follows a more logical order. It also recognizes that there are often several allocation steps before rates are actually calculated. Schedule I-3(iii) requires the formulae and allocation determinants. Schedule I-3(iv) requires an explanation of any changes from the current methodology, as is required under current Schedule K-2.

38. *Schedule I-4, Transmission and Compression of Gas by Others (Account 858)*. Schedule I-4 replaces current Schedule I-4. The revisions reflect current operations. Schedule I-4(i) requires information on the expiration date of each contract with an upstream pipeline. This will provide the Commission with information about the status of contracts. Schedule I-4(iii) requires the pipeline to report monthly usage volumes and monthly costs. Schedule I-4(v) requires minimal information about capacity release. It does not request any information on the identity of the contracting party. The information on revenues for releases is necessary to ensure that the pipelines' customers that pay the Account 858 costs receive a credit for revenue from capacity releases made by the pipeline of this upstream capacity.

AGD states that Schedule I-4 should require the reporting of rates that are in effect subject to refund and a statement of last approved rates. AGD avers that the additional information will notify parties of any refund contingencies reflected in the pipeline's Account 858 costs and will provide a basis for the

Commission to order the flowthrough of refunds to customers. The Commission declines to add this administrative burden. Such information is not generally required for a rate case.

Northwest/Williams states that Schedule I-4 is no longer needed in an Order No. 636 environment. The Commission disagrees. Several pipelines retain capacity on upstream pipelines for operational purposes. This statement is needed to ensure that the level of such Account 858 costs is appropriate. We note that pipelines that do not retain upstream capacity for operational purposes do not need to file this information.

The Industrial Groups note that proposed Schedule I-4(d) required monthly "revenues" but should refer to "costs." The regulation has been corrected.

39. *Schedule I-5*. Current Schedule I-5 requiring information on meters, is deleted.

The NOPR had proposed a new Schedule I-5, Three-day peak deliveries, to replace current Schedule I-6. However, in light of comments and reconsideration, the Commission has determined that the information on 3-day peak deliveries is no longer generally useful in a rate case.<sup>68</sup>

Northwest/Williams notes that, in a restructured environment, contract demand or MDQs are the primary basis for the design of firm transportation reservation charge, therefore the average 3-day peak information is not required for rate design for many pipelines. Northwest/Williams is generally correct; however, if a pipeline allocates costs on the basis of 3-day peaks, it must provide the basis for such allocation in Schedule I-3(c).

40. *Schedule I-5, Gas Balance*. Schedule I-5 replaces current Schedule I-7 with the deletion of that schedule's last sentence.<sup>69</sup>

Williston commented that this schedule should be deleted because it does not provide useful information for the design of base rates and requires information also required in FERC Form No. 2. Williston is mistaken. This schedule shows the pipeline's actual and projected physical operations. Such information assists the Commission and parties in evaluating whether the pipeline's rate design is appropriate for its operating characteristics. For example, if transportation throughput during the winter is significantly higher than during the summer, seasonal rates

<sup>68</sup> Pipelines with non-jurisdictional sales must provide this data in Statement J.

<sup>69</sup> This schedule appeared in the NOPR as proposed Schedule I-6.

may be appropriate. Further, FERC Form No. 2 does not provide test period data.

41. *Statement J, Comparison and Reconciliation of Estimated Revenues With Cost-of-service.* Statement J replaces current Statement K. Statement J will provide the same type of comparison as the current schedule, except that Schedule J specifically requires that Schedule G-2 must be compared to Statement I. Statement J also requires that surcharges be reflected and recognizes that they are not derived from the cost-of-service, but are jurisdictional revenues. Also, discounting adjustments are provided in this statement.

42. *Schedule J-1, Summary of Billing Determinants.* Schedule J-1 will help correlate the volumes in Schedule G to the volumes used to develop rates.

ANR and CIG state that this schedule seeks the same information as Schedule G-3, but on a summary level, therefore, the requirements of Schedule G-3 should also apply to Schedule J-1 so that the supporting calculations are provided with the summary. Williston states that this schedule duplicates existing information in Schedule G and should be deleted. The Commission disagrees. Schedule G-3 provides detailed information for each proposed adjustment to actual base period billing determinants while the information in Schedule J-1 is summarized for rate design purposes. Each schedule is retained because each serves a different purpose.

Columbia states that the requirement to include surcharges as part of the revenues in Schedule G needlessly complicates the reconciliation process. Columbia advocates ignoring surcharges of limited duration or those subject to intermittent changes.

The Commission recognizes that surcharges are not part of the cost-of-service; however, surcharge information enables the Commission and parties to verify whether discounts are attributed to base rates or surcharges consistent with § 154.109.

AGD states that requirements should be supplemented to facilitate reconciliation calculations. AGD recommends requiring the pipeline to include a summary by rate schedule and by zone of billing determinant adjustments provided in Statement G. The Commission disagrees. As stated above, all reconciliations to billing determinants in the design of rates, including discounting adjustments, must take place in Statement J, not Statement G.

43. *Schedule J-2, Derivation of Rates.* Schedule J-2 replaces current Schedule

K-1. Schedule J-2 more clearly specifies what information is required and requires that costs and billing determinants be cross-referenced.

44. *Schedule J-2(iii).* Schedule J-2(iii) requires the same information as current Schedule K-2.

Pacific Northwest Commenters states that the Commission should expand the requirements to include a full narrative of the method used and step-by-step calculations for each rate component of each rate. The Commission notes that such narratives are already required by Schedule G-3 and § 154.201(b)(2).

Columbia seeks clarification that the rate component referenced relates to a reservation/usage distinction and not a distinction based on the individual components of the cost-of-service. Columbia's interpretation is correct.

NI-Gas suggests that pipelines be required to include schedules with Statement I that specify the impact of each proposed change in functionalization, classification, allocation or rate design. NI-Gas also suggests that the explanation of changes in rate derivation required by Schedule J-2 provide the impact on shippers of each change. Such impacts and explanations are not required under the current regulations and would be too burdensome as a generally applicable requirement. Section 154.201 (b)(2) requires a pipeline to support rate changes with step-by-step calculations and a written narrative to allow the parties to duplicate the pipeline's calculations. Section 154.313, Statements I and J, set out guidelines on how a pipeline should present its rate case. These requirements should provide sufficient information for a party to compute the impact of each change. Moreover, as the need arises, additional information may be provided through discovery at a hearing.

The Industrial Groups state that this schedule should incorporate the Schedule K-2 requirements verbatim. The Commission did not adopt this suggestion because such requirements are found in § 154.201(b)(2) and so, no change is necessary.

45. *Statement P.* AGD, APGA, Consumers Power, Brooklyn Union, IPAA, JMC, Michigan, Pacific Northwest Commenters, Columbia Distribution, LDC Caucus, NDG, SoCal, and UDC support the initial filing of Statement P as part of the pipeline's rate filing. Many of these commenters note that Statement P is the key element in understanding a pipeline's rate filing. The availability of a properly prepared Statement P will help the pipeline's customers identify the real issues presented by the rate filing in time for the issues to be raised

in initial interventions and pleadings. In addition, by requiring that Statement P be filed with the rate case, the number of protests should be reduced, since intervenors will only have to file protests when warranted, rather than protectively. IPAA states that filing Statement P with the rate case will allow for more expeditious processing of rate cases and will shorten the time period during which shippers can be held hostage to unjust and unreasonable rates collected subject to refund. The LDC Caucus notes that many state Public Utility Commissions (PUCs) require Local Distribution Companies (LDCs) to file testimony concurrently with their rate cases. Finally, Brooklyn Union notes in support of the proposed Statement P requirement, that the Commission's regulations require electric utilities to file testimony with rate increase filings.

ANR/CIG, INGAA, NGT and Panhandle suggest, as an alternative, that a two-phase filing of Statement P be considered. In Phase I, pipelines would file testimony with the rate case concerning the rate case issues for which refunds are not a remedy. In Phase II, 15 or 30 days later, the pipeline would file remaining testimony on the "boiler plate" issues of cost-of-service, billing-determinants levels, rate base, etc.

Columbia questions whether filing Statement P with the rate case filing has any significant benefit or purpose. Columbia supports maintaining the old rule (15-day lag) with respect to cost-of-service and rate testimony, but would not object to the new rule with respect to issues where rate refunds are not an adequate remedy.

KNI contends that the extra 15 days presently allowed for filing Statement P provides time to develop more comprehensive and detailed testimony than would otherwise be produced if Statement P had to be submitted concurrently with all other schedules. KNI contends that more "polished" testimony is likely to reduce discovery requests.

MRT submits that requiring testimony to be filed concurrently with a rate case would create an enormous and unnecessary burden on pipelines. If, however, the Commission requires Statement P to be filed concurrently, then MRT proposes that the Commission take additional actions to reduce the burden. MRT requests that the Commission amend § 154.304(a)(1) to lengthen the time from the last day of the base period to the filing date from 4 months to 5 months. Alternatively, MRT requests that pipelines not be required to file all schedules and

statements with the rate case. Rather, schedules "which are not essential to the Commission's development of a suspension order" should be delayed until 15 days after the initial filing.

Panhandle is concerned about the requirement that a pipeline must be prepared to sustain its burden of proof on the proposed changes solely on the basis of the prepared testimony submitted with its initial rate case filing. Panhandle states that this requirement could be interpreted to require a pipeline to anticipate and address every issue which may be raised in the rate case. In addition, Panhandle is concerned about the proposed regulation could be interpreted to preclude a pipeline from filing either supplemental direct or rebuttal testimony to address issues raised subsequent to the rate filing. Panhandle states that if the proposed regulations on Statement P are adopted, they should be clarified to make it clear that the pipeline has the right to file both supplemental and rebuttal testimony. Panhandle also states that if it is required to make its case-in-chief solely on the Statement P evidence, then the Staff and intervenors should not be allowed to use actual information for the test period as the basis of their testimony to show that the pipeline's estimates should be rejected and substituted with "better" actual numbers.

A filing pipeline has the statutory burden to support its rates as just and reasonable. The Commission emphasizes that it expects pipelines to make their case-in-chief at the outset of the case and not rely on supplemental and rebuttal testimony for that purpose. However, as a proceeding progresses through the hearing process, the need may arise for the pipeline to supplement its prepared testimony and to present testimony in rebuttal to the adverse positions of others.

*m. Section 154.313 Schedules for Minor Rate Changes.* The Commission intends that the filing burden for minor rate increases and rate decreases be less than that for other rate changes.<sup>70</sup> Minor rate increases usually relate to a few schedules and are designed to bring such schedules into harmony with general tariff policy, to eliminate inequities, and to achieve other formal adjustments, in cases where any increase in revenue is subordinate to some other purpose. They include changes that are not designed to provide general revenue increases such as to offset increased costs or otherwise

achieve a fair return on the overall jurisdictional business. Increases in rates or charges which, for the test period, do not exceed the smaller of \$1,000,000 or 5 percent of the revenues under the jurisdiction of the Commission will be considered minor. A change in rate level, no part of which directly or indirectly results in any increased charge to a customer or class of customers, will also be considered a minor rate change.

MoPSC recommends that the specific words "rate decrease" be added to § 154.313, to clarify what requirements are applicable for rate decrease applications. In addition, MoPSC believes the threshold definition for minor rate changes is too broad. MoPSC recommends a minor rate decrease be redefined as "a change which does not increase a company's revenues by \$1,000,000 and does not directly or indirectly increase a rate or charge to any customer by more than 2%".

Comments concerning the threshold definition were considered. However, in light of the probable burden of reporting the rate impact to specific customers the threshold was not revised.

NDG states that while the net impact of the "minor" change on the pipeline's customers in aggregate may be minimal, the impact on individual customers may be significant. NDG proposes that the standard for what constitutes a "minor" rate change be based on the magnitude of individual customer specific impacts resulting from the filing. Thus any rate change which increases a single customer's costs by more than the lesser of \$250,000 or 10% of the amount previously being charged for the effected services, should be considered to be a major rate change and should be required to be supported by the full filing requirements.

The Commission notes that the requirements for rate decrease filings should be clarified. These filings must meet the same criteria as rate increase filings, i.e., increases or decrease in rates or charges which, for the test period, do not exceed the smaller of \$1,000,000 or 5 percent of the revenues under the jurisdiction of the Commission will be considered minor.

Northern Border states that proposed §§ 154.301, 154.311, and 154.312 appear to have overlooked the ratemaking circumstances for pipelines utilizing a cost-of-service form of tariff. Northern Border believes § 154.313 (minor increases) is designed for stated rate tariffs and would not be appropriate for the cost-of-service form of tariff. Therefore, Northern Border recommends that the Commission

reinstate Statement N for pipelines with the cost-of-service form of tariff.

With regards to Northern Border's comments recommending the reinstatement of Statement N for pipeline with the cost-of-service form of tariffs, the Commission understands the particular problems relating to this pipeline. Because of the nature of cost-of-service tariffs, Northern Border would only file under § 154.314 when changes in approved rate of return or services are proposed. Any other filings to recoup costs are considered limited section 4 filings and would not be affected by this section. Cost-of-service tariff holders filings under this section must request a waiver of the test period adjustments and updating, since these pipelines are required to recover only actual costs, not adjusted costs. Therefore, the Commission will not provide any specific revisions for cost-of-service tariff holders.

*n. Section 154.314 Other Support for a Filing.* Section 154.314 provides that any company filing for a rate change is responsible for preparing prior to filing, and maintaining, workpapers sufficient to support the filing.<sup>71</sup> In addition to the workpapers, the NOPR provided that certain other material, related to the test period, must be provided, such as copies of monthly financial reports prepared for management purposes, and copies of accounting analyses of balance sheet accounts.

INGAA is opposed to the submission of financial reports prepared for management and the accounting analysis of such financial statements. INGAA states that this information is sensitive and is not generally provided to the general public.

The requirement to provide this other material to the Commission upon request has been removed from the revised regulation. This information can be obtained by any party through discovery after a rate case has been set for hearing.

## 5. Subpart E—Limited Rate Changes

*a. Section 154.401 RD&D Expenditures.* Section 154.401 replaces current § 154.38(d)(5).

*b. Section 154.402 ACA Expenditures.* Section 154.402 replaces current § 154.38(d)(6).

*c. Section 154.403 Periodic Rate Adjustments.* New § 154.403 governs the passthrough, on a periodic basis, of a single cost item or revenue item not otherwise covered by subpart E, such as remaining purchased gas adjustment mechanisms, fuel loss and unaccounted-

<sup>70</sup> This regulation appeared in the NOPR as § 154.314.

<sup>71</sup> This regulation appeared in the NOPR as § 154.315.

for gas, and transition cost filings. These new regulations are consistent with current Commission policy governing these filings and generally reflect currently effective tariff provisions.

The requirements of this section are subdivided into two parts. The initial part sets forth the minimum general requirements the pipeline must meet if it proposes, or the Commission requires, a periodic passthrough mechanism in the future. Significant among the new requirements of this section is the requirement to include a sample calculation in the tariff of the periodic rate change methodology. This sample calculation will assist the Commission and interested parties in understanding the proposal and ensure that the tariff language adequately explains the calculation steps. Further, it will provide a template for future filings under the tariff provision.

The general requirements portion of § 154.403 also include the requirement that all periodic rate change mechanisms include a description of the timing and methodology of the adjustments, including a description of all mathematical calculations. No steps should be excluded. Given the numbers from the source documents, anyone reading the tariff should be able to arrive at the rate component by following the steps described in the tariff.

The second portion of § 154.403 addresses the information to be submitted with each filing. The filings should contain workpapers which show the calculations described by the tariff. The Commission intends to collect sufficient supporting calculations to show a clear path from the source data to the rate component.

Pacific Northwest Commenters generally support the proposed rules governing filings to track specific cost items where permitted. However, they believe the rules should be clarified to provide that (1) the general terms and conditions for a tracker must be approved and effective before a rate change is filed, and (2) any filing of a rate change under a tracker should include a summary table showing the impact on customers.

The proposed regulation was not modified as Pacific Northwest Commenters suggest. Commonly, a cost tracker is adopted during a general rate proceeding where the tracker can be established prior to its use. The parties subject to the tracker have ample opportunity to explore issues related to the tracker in the rate proceeding. Further, there should be sufficient data available in the filing, tariff, and service agreement to permit each customer to

determine the impact of the tracker adjustments. No customer impact statement will be required.

CNG requests clarification to assure that these new requirements will not be retroactively applied to existing tariff provisions. The Commission affirms that any tariff provisions which have been approved will not be reviewed anew to determine their compliance with these regulations. Any future filings under currently effective tariff provisions must comply with § 154.403(d), however.

INGAA wants the Commission to expand the items tracked (allowed for periodic rate adjustments) to include costs incurred to comply with governmental regulations under federal and state environmental and safety laws. Pipelines should be afforded the option of a limited Section 4 filing or a deferred account to recover costs associated with compliance with environmental and safety regulations without incurring the costs of filing a full rate case.

KNI would also like to see recovery of Department of Transportation (D.O.T.) pipeline user fees via a periodic rate adjustment (tracker). D.O.T. user fees are presently recovered as part of the cost-of-service reflected in the demand charge; however, these fees are similar to ACA and GRI charges and should be similarly tracked and recovered through a surcharge. KNI argues that, as it stands now, any changes in D.O.T. fees can only be reflected in rates by making a general rate case filing. KNI maintains that use of a tracker would avoid the need for a rate case filing to recover the significant increase in these federal taxes currently under consideration.

The Commission is not adopting regulations for each different type of cost or revenue tracked. By adopting a generally applicable provision, the Commission avoids having to modify its regulations every time a new cost is tracked or ceases being tracked.

The Commission is adopting regulations to be generally applicable. The specific types of costs or revenues subject to these regulations are not an issue for this rulemaking. Instead, pipelines may propose trackers for costs incurred to comply with governmental regulations under federal and state environmental and safety laws, such as D.O.T. user fees, in individual proceedings.

NGSA states that, for clarity and to ensure that the filings contain the proper information necessary to evaluate the proposed changes, the regulations should be written separately for the types of filings to which they apply (i.e., fuel filings, GSR filings,

Account 858 filings, IT revenue credit filings, etc.). NGSA suggests the following items be required with filings made under this section:

a. Reconciliation information for the past period which compares the volumes and revenues actually recovered to the volumes and costs used to design the rates previously in effect, with discounted transactions separately identified, and showing any past period underrecovery to be included in the new rate;

b. Actual data on costs incurred since the last filing, compared to the costs on which the previous rates were based;

c. Derivation of any discounting adjustment included in the proposed rates, citing the authority under which such adjustment is being made;

d. Citations to data sources and approval order for data used which is derived elsewhere; and

e. Requirement that costs, volumes, allocation and rate design be shown by zone of receipt/zone of delivery or other category used to charge rates, where appropriate.

NGSA suggests several specific modifications to the proposed regulations in § 154.403. Section 154.403(c) directs the pipeline to include in its tariff information about the mechanism which will be used to adjust the pipeline's rates. The Commission anticipates that all the information NGSA seeks will be available through the tariff or in the filing. No modification to the regulations is required.

Northern Border recommends eliminating the requirement that a company that recovers fuel use and unaccounted-for gas in-kind state its reimbursement percentages in its tariff. Northern Border prefers that pipelines be allowed to show such changes by posting on the EBBs, in lieu of numerous and untimely tariff filings. Northern Border maintains that due to the operation of its system, percentages change monthly or more often, and changes are computed and implemented within one week. Northern Border currently uses its EBB in such a manner, and it is considered an efficient and accepted practice by its customers.

By far, the most common practice among pipelines is to state their fuel reimbursement percentages in the tariffs. The Commission is adopting the regulation to reflect this common practice. The manner in which Northern Border posts its fuel reimbursement percentages has already been approved by the Commission and the Commission does not intend to apply this regulation to pipelines with approved tariffs that provide otherwise.

Northwest/Williams believes that the requirement that tariffs contain step-by-step descriptions of the amounts

calculated and of the flowthrough mechanism is burdensome because it will require many pages of text and will be difficult to predict every possible scenario that might impact the calculations. Northwest/Williams would like to see the step-by-step descriptions eliminated and a general description included in the tariff instead, with any further explanations handled through data requests or informal technical conferences. Williston also requests deletion of the step-by-step description requirement because it is unnecessary and will clutter the tariff making it inflexible and potentially unworkable.

Columbia argues that a clarification is necessary because, as drafted, the regulations could be read to require that a pipeline incorporate into each rate schedule "a sample calculation in the tariff provision governing the periodic rate change methodology." Similarly, El Paso argues that no sample mathematical calculations should be required in the tariff. El Paso states it is unclear what the Commission wants included in the tariffs, but El Paso opposes inclusion of a sample calculation because it would duplicate information already provided in the workpapers of each filing and use of the Commission's software does not allow for the use of special characters, resulting in a difficult and burdensome task which will reduce the reader's ability to understand the information provided.

Individual shippers that are asked to pay a rate have a right to know how the rate is derived without having to seek basic information about the rate derivation through data requests and technical conferences. Requiring the tariff to contain a clear statement of how a rate is calculated is not unreasonable. As we stated in the preamble to the NOPR, these new regulations are consistent with current Commission policy and generally reflect currently effective tariff provisions that include a general description of the calculations.

Columbia and El Paso are correct: the preamble states that a sample calculation will be included in the tariff. However, the regulations do not reflect this provision. In this case, the preamble is in error. No further action is required.

NI-Gas finds the increased specificity in periodic rate adjustments is an improvement over existing practice. NI-Gas maintains, however, that shippers subject to pipeline trackers should be able to argue that they are entitled to refunds from pre-tracker periods. Otherwise, pipelines will have a strong incentive to allocate refunds to pre-tracker periods, while agreeing to higher rates for tracked periods. As a general

matter, NI-Gas asserts that pipeline shippers do not have the means to aggressively participate in all proceedings which give rise to or affect tracked costs.

The section to which NI-Gas refers, § 154.403(d)(4), is not intended to apply to refunds due as a result of a Commission determination that increased rates or charges are not justified or to refunds approved by the Commission as part of a settlement. The reference to the return of revenues in this section refers to revenues subject to a revenue crediting mechanism approved under this section. The section underscores the precept that the effect of any new rate recovery mechanism is prospective not retroactive.

Finally, Foothills filed comments to state that it does not oppose the deletion of §§ 154.201 through 154.213 of the regulations with regard to the tracker mechanism that allows pipeline shippers to track ANGTS charges in their own rates. Foothills states these regulations are unnecessary in the post-Order No. 636 period because interstate pipelines are no longer in the merchant business and no longer hold capacity on third-party pipelines. Foothills emphasizes its continued reliance, however, on the Commission's unwavering support of the ANGTS project. As stated previously, the Commission continues to support the ANGTS project.

#### 6. Subpart F—Refunds and Reports

a. *Section 154.501 Refunds.* Section 154.501 replaces current § 154.67(c). The refund carrying charge rule, currently § 154.38(d)(4), applies to all refunds. The new section reflects current Commission policy.

The Commission has added a requirement for pipeline refunds to be made within 60 days of the order date to ensure refunds are disbursed on a timely basis. Refunds received by the pipeline must be disbursed within 30 days of receipt. This period of time should be adequate to disburse refunds.

Section 154.501(c) is added to reflect current Commission policy with respect to supplier refunds which apply to the period during which the company had a purchased gas adjustment clause in its tariff. Instructions regarding the contents of a refund report are added to provide additional guidance.

INGAA argues that the Commission's refund policy should not obligate pipelines to refund amounts that have not been collected in full. Section 154.501(a)(1) sets a 60-day refund period. This provision may require pipelines to pay out refunds before

surcharges recover the full amount of the refunds. INGAA suggests removing the 60-day limit or specifying that refunds will only be paid out to the extent the amounts have been collected in full.

INGAA also urges the Commission to delete the proposal in § 154.501(a)(2) that any natural gas company must refund to its jurisdictional customers the jurisdictional portion of any refund it receives within 30 days of receipt. In the alternative, INGAA suggests allowing pipelines a reciprocal right to surcharge jurisdictional customers, if they are subject to paying a higher rate to upstream pipelines, within the 30 days.

ANR/CIG argue that the proposed language mandates the institution of a one-way tracker and imposes the obligation on a pipeline to pass through refunds to customers in 30 days, but does not provide the pipeline with a reciprocal right to begin surcharging jurisdictional customers within 30 days if the pipeline is subjected to paying a higher rate to another pipeline for services. ANR/CIG states that this should only be imposed if it tracks both the refunds received by the pipeline and the cost increases incurred by the pipeline for particular services.

Panhandle argues that this section should be limited to refunds of costs tracked in the pipeline's rates or for which the pipeline has a pre-existing refund obligation. Otherwise, Panhandle states, the section may be interpreted to require vendor refunds, or rebates from manufacturers or suppliers when no such refunds are required under the law. Panhandle proposes the following revision to § 154.501(a)(2):

"Any natural gas company must refund to its jurisdictional customers the jurisdictional portion of any refund it receives which is required by prior Commission order to be flowed through to its jurisdictional customers or is an amount previously included in a tracker filing and charged and collected from jurisdictional customers within thirty days of receipt."

Williston opposes the 30-day time period, arguing that it may not be enough time within which to issue refunds. Williston states that the time period should be the same as in § 154.501(a), 60 days. Columbia also recommends that the 30-day period be extended to "within 60 days of receipt" to allow for refunds received shortly before bills are issued to be disbursed as billing credits with the second billing after receipt of the refund.

CNG urges the Commission to revise the proposal to provide that each pipeline's current tariff should control

the timing and method of flowing through refunds from other pipelines.

Northwest suggests adding language regarding normalization of income tax timing differences in paragraph (d) similar to that proposed in § 154.403(c)(7).

AGD recommends that the Commission eliminate the 30-day lag in the pipeline's obligation to submit its report explaining its refund of excessive charges. AGD states that the refund report should be in hand before the refund check is cashed as the cashing of a check may be treated legally as full compensation by the pipeline. Pacific Northwest Commenters recommend refund reports be served on all customers, interested state commissions, and designated representatives. Williston asserts a provision should be added to § 154.501(e) providing that each shipper will only be provided with its applicable portion of the refund report in order to ensure that confidentiality of commercially sensitive information is maintained.

Williston argues that refunds should be required only upon issuance of a final Commission order. Williston states that, when a pipeline requests rehearing or circuit court review of a Commission order, refunds should be deferred until after the final order to avoid the necessity for further refunds or rebilling of prematurely refunded amounts.

Williston also suggests that §§ 154.501(d)(1) and (2) be deleted from the regulations as no they are no longer necessary. Pacific Northwest Commenters urge the Commission to add a new § 154.501(a)(3) requiring that a pipeline offer its customers the option of electronic transfer of the refund amount on the date refunds are made.

In response to INGAA's request, the Commission clarifies that a pipeline is not required to pay out a refund until it recovers the full amount of the refund through its rates.

The Commission agrees with Panhandle that the language of § 154.501(a)(2) should be clarified. It was not the Commission's intention to require refunds of vendor refunds or manufacturer rebates. Rather, the section is intended to apply to refunds required by the Commission and passed through by the pipeline to its customers.

Several commenters seek a different time period for disbursement of refunds the pipeline has received. The Commission will adopt a single standard which will be generally applicable. For refunds received from an upstream supplier, thirty days should not be unduly burdensome. However, since many pipelines have currently

effective tariff provisions providing for a different time period or passthrough by a deferred account surcharge, the regulatory text will be modified to grandfather these provisions. This modification will result in the least disruption.

The Commission disagrees with the position that § 154.501(a)(2) represents a one-way tracker. The refunds which are the subject of this section are required to be passed through by Commission order as clarified above. Cost increases must be filed for by the pipeline before being passed through according to section 4 of the NGA. If the pipeline wishes to institute a tracker, it must file tariff provisions with the Commission to do so.

The language regarding normalization of income tax timing differences found in § 154.403(c)(7) is inappropriate here. Refunds do not give rise to a tax timing difference which would affect carrying charge calculations.

The Commission generally has provided for a 30-day time period between the date when refunds are ordered and the date when and the report of the refund must be filed.<sup>72</sup> Thirty days is a reasonable period to provide the report. The Commission reviews refund reports for accuracy. If as a result of its review, the Commission finds that a pipeline has failed to accurately compute a refund, the pipeline will be directed to correct the deficiency.

Two commenters address the issue of service. The regulations have been revised such that all parties that have standing requests for full refund report service will receive a copy of a pipeline's entire refund report. Otherwise, parties receiving the refund will receive an abbreviated form of the refund report.

The Commission will not adopt Williston's suggestion. If a pipeline believes there is confidential material in a particular refund report, the pipeline may request that the Commission treat all or part of the report as confidential pursuant to § 388.112 of the Commission's regulations.

The date for disbursement of the refund whether after a final Commission order or otherwise is properly the subject of the proceeding in which the refund obligation arises. The Commission will not adopt language in the regulations mandating a specific date.

Williston suggests removing the portion of the proposed regulations

which govern the interest level used to calculate interest on refunds pre-dating September 30, 1979. Upon further reflection, the Commission believes the possibility of requiring refunds dating back to this time period are remote. These sections of the proposed regulations have been removed.

The Commission notes that several pipelines have provisions in their tariffs offering their customers the option of receiving refunds by electronic transfer.<sup>73</sup> At this point, the Commission prefers that the pipelines and their customers work out procedures for electronic funds transfers where appropriate. For this reason, the regulations will not mandate electronic funds transfers.

b. *Section 154.502 Reports.* New § 154.502 requires that tariffs include information about reports required by the Commission.

Arizona Directs approve of the provision as a convenient reference point for a description of all reports required by the Commission to be filed by the pipeline on a periodic basis. They recommend, as a modification, that pipelines be required to state in their tariffs the name, address, and phone number of the company representative who should be contacted if copies of a particular report are desired.

INGAA states that the requirement to include descriptions of all filed reports in pipelines' tariffs is redundant and should be deleted. The Commission already publishes a directory of all reports that interstate pipeline companies are required to file. INGAA states that this regulation is too broad and will lead to a significant increase in the size of tariff filings because the reports could conceivably include periodic, yet short-term, reports that are required for environmental compliance during a certificate proceeding. National Fuel argues that this provision should either be eliminated or its scope narrowed to reports arising out of litigated or settled rate proceedings.

INGAA misinterprets the scope of this regulation. The regulation is not intended to include a list of reporting requirements already set forth in the Commission's regulations. This section of the regulations applies to periodic reports required by a Commission order or a settlement in a proceeding initiated under part 154 or part 284. For example, during restructuring several pipelines

<sup>73</sup> See, e.g., ANR Pipeline Co., Original Sheet No. 146, Second Revised Volume No. 1, Columbia Gas Transmission Corp., Second Substitute Original Sheet No. 331, Second Revised Volume No. 1, and Panhandle Eastern Pipe Line Co., Original Sheet No. 287, First Revised Volume No. 1.

<sup>72</sup> See, e.g., Trunkline Gas Company, 62 FERC ¶ 61,199 (1992), and Florida Gas Transmission Co., 71 FERC ¶ 61,363 (1995).

were required to submit reports when they issued an operational flow order. The regulations are clarified to more clearly reflect the scope of this requirement.

The information on the title page of the tariff contains the name, address, and, as modified, the telephone number of an individual to whom communications concerning the tariff should be directed. This individual should be able to respond to inquiries regarding reports filed consistent with this section of the regulations.

#### 7. Subpart G—Other Tariff Changes

a. *Section 154.601 Change in Executed Service Agreement.* Section 154.601 replaces current § 154.63(d)(2). The section concerns executed service agreements “on file with the Commission” and does not refer to “well names.”

b. *Section 154.602 Cancellation or Termination of a Tariff, Executed Service Agreement or Part Thereof.* Section 154.602 replaces current § 154.64. The section does not require sales information. It does require a list of the affected customers and the contract demand under the service to be canceled.

INGAA and Panhandle object to the new requirement that a natural gas company must provide notice to the Commission at least 30 days prior to the effective date of a proposed cancellation or termination of an effective tariff or contract because these transactions have been pre-granted abandonment under each pipeline's blanket certificate. In the alternative, Panhandle seeks clarification of this provision.

This requirement is not new but is a revised version of the current requirement at § 154.64. It only applies to (1) tariff sheets on file with the Commission, and (2) service agreements that are on file with the Commission and not subject to pre-granted abandonment. Except for the reduction in filing requirements, the Commission does not anticipate any change in the operation of this provision.

c. *Section 154.603 Adopting of a Tariff by a Successor.* Section 154.603 replaces current § 154.65. The section concerns adopted tariffs or contracts “on file with the Commission” as opposed to any tariff or contracts.

#### C. Comments Requesting Further Changes

Most suggestions for additional regulations are discussed with the regulation they would logically follow or supplement. Several additional suggestions are addressed below.

Columbia proposes a requirement that Staff issue a written settlement position within 60 days of the initial suspension order. AGD suggests a rule requiring that Staff serve top sheets within 60 days of the issuance of the suspension order. APGA recommends that the Commission adopt a rule requiring submission of Staff top sheets within 120 days of a filing. Panhandle suggests that an appropriate time for the Staff to file its position would be four months after the filing date. To be useful, such Staff top sheets should conform in all material respects to the proposed § 154.301 and § 154.304 standards, i.e. to reflect all changes reasonably expected as to any adjustments it is proposing to the company's filing along with supporting work papers and formulae for any calculations upon which it is relying. Further, Staff should be required to either accept the company's position or provide a fully supported alternative position. Michigan urges that the Commission reinstate the practice of establishing a date for service of top sheets as a part of this rulemaking. Michigan notes that revised filing requirements will: (1) Streamline the discovery process by providing Commission Staff and interveners with information much sooner than current procedures, and (2) result in the expeditious resolution of rate cases.

Staff initial settlement positions, or “top sheets,” have long assisted the settlement process. The Commission expects that the timely service of top sheets will assist parties in cases set for hearing in the future as well, and the Commission will endeavor to continue that practice. However, the Commission declines to establish a rigid deadline for service of top sheets because of the variety of circumstances that may arise in particular cases.

AGD requests regulations such that rulings on certain issues can be secured before the end of the suspension period and whereby the Commission may instruct the ALJ to resolve certain issues within specified deadlines as justified by circumstances. JMC suggests establishing procedures for staff to routinely examine rates to determine if they are just and reasonable, under section 5. JMC also suggests conditioning all settlement approvals upon the pipeline's agreement to make a general section 4 rate case within 3 years. The Commission will not adopt these suggestions at this time.

Northern Border states that its tariff is different from the industry standard and requests reinstatement of regulations (Statement N) that are appropriate for a cost-of-service tariff.

SoCal urges the Commission to encourage pipelines to have pre-filing meetings with customers. NDG suggests regulations requiring pipelines to include a description of the workpapers in the filing, serve parties workpapers on the filing date, and supply information on the electronic format. NDG suggests that pipelines requesting confidential treatment must include a confidentiality agreement in their filings. NDG suggests that every section 4 filing contain a capacity release log for the base period and a table showing earned rate of return on equity for the base period. These are also helpful suggestions and may be considered at a later time, but will not be adopted here.

NDG suggests that a request for blanket waiver of regulations not be allowed but pipelines must specifically identify what waivers are required. This has been adopted in § 154.7(a)(7).

#### D. Electronic Filing

##### 1. Industry-Wide Conference

The Commission recognizes that changes to these regulations and to the forms in the companion rule necessitate modifications to the electronic formats for the affected filings and forms. To ensure the widest possible input, the NOPR directed Commission staff to convene a technical conference to obtain the participation of the industry and other users of the filed information in designing the electronic filing requirements. The conference was held on April 4, 1995 (conference), and provided an excellent start to the process of modifying the Commission's electronic filing requirements to complement the revisions to the regulations set forth in the companion rules. Most of the comments to the NOPR addressed issues discussed at the conference.

As a result of the conference and comments to the NOPR, the Commission is able to make a number of decisions related to electronic filing in this rule. The only electronic filing requirements affected by this rule deal with the form of notice, the tariff sheets and the statements and worksheets required under subpart D. The electronic filing requirements for FERC Forms 2, 2A, 11, discount rate reports, and Index of Customers are dealt with in our companion rulemaking. No changes are proposed for the electronic form of notice.

The Commission will adopt a tab delimited ASCII format for most numeric data and a format compatible with the filing company's spreadsheet

application for selected statements required by subpart D of part 154.<sup>74</sup>

The electronic tariff sheet formats are modified as proposed in the NOPR. However, as Columbia suggested in its comments, the electronic tariff sheet formats are modified further in this final rule to accommodate § 154.102(e)(5) which requires a FERC citation in the margin of the tariff sheet. The FERC Automated System for Tariff Retrieval (FASTR) software is modified for the change also. The modification will not affect the software's ability to read, display, or print tariff sheets filed pursuant to the pre-existing requirements.

The Commission will adopt submittal on diskette as the standard medium on which pipelines will submit their reports and filings. CD-ROM will be accepted as well.

Other issues remain. Therefore, the Commission directs staff to convene another technical conference in order to resolve the outstanding electronic filing issues jointly with the industry. This second conference is to be held as soon as possible after issuance of this rule.

## 2. Delayed Implementation of Electronic Filing Requirements

Many commenters urge the Commission to delay implementation of the revised electronic filing requirements until after the final rule is issued and procedures and formats have been further developed.

INGAA suggests a grace period during which a pipeline could file a rate case under either the current or revised regulations depending on its progress in making the necessary changes to its data acquisition and accounting systems. In its comments, Great Lakes argued for an immediate suspension of the current electronic filing requirements, stating the current filing requirements are obsolete. Great Lakes argued that the suspension would not have prejudiced any party wishing to review a pipeline's rate application but simply would have moved the suspension date forward.

The Commission did not suspend the electronic filing requirements at the time Great Lakes' comments were filed. The Commission disagreed with Great Lakes' contention that the electronic filing requirements were obsolete. The Commission noted in the NOPR the

possibility of suspending the electronic filing requirements due to the fact that the paper filing requirements in this rule could be made effective before the electronic filing requirement specifications could be made ready. Until that time, however, the Commission continued to derive benefits from the existing electronic filing requirements. Therefore, the Commission declined to act on Great Lakes' request. That request is denied.

The Commission will not adopt INGAA's suggestion to allow filing a rate case under the old or new regulations depending on the pipeline's capabilities. However, since all of the revisions to the electronic filing requirements will not be completed by the issuance date of this rule, the Commission is suspending the requirement to submit the filings made pursuant to subpart D electronically until the new electronic filing requirements are fully developed. During the suspension, only paper copies of the filings under subpart D are required. The electronic version of the tariff sheets and the notice of filing must continue to be filed electronically.

## 3. Software

Northwest/Williams suggests retaining only that portion of the rate case requirements referred to as "File 3."<sup>75</sup> Northwest/Williams lists numerous shortcomings with the Commission's current rate case filing requirements and software and questions whether the Commission uses the data.

With the exception of the tariff sheets and notice of filing, all of the current electronic filing instructions, including those Northwest/Williams finds objectionable, will be revised. The Commission intends to seek the cooperation of the industry in developing the file structure required for each filing or form. The Commission does not intend to develop form fill, edit, or print software for use by the natural gas industry. Allowing private industry to develop software is the most cost-effective and efficient process. Software developed by the Commission would need to accommodate all potential users. The Commission believes that any such product would unnecessarily restrict the flexibility of

individual companies. Accordingly, the Commission will not attempt to develop the associated software but will allow the industry to develop software that meets the requirements of both the company and the regulations.

## 4. Using Rich Text Format for Text

Several alternatives for electronic filing formats were discussed at the conference. Many pipelines recommended the use of Rich Text Format (RTF) for text.<sup>76</sup> INGAA states that use of RTF for text is most efficient since it allows any party to access the files using commonly available software packages.

The Commission is seeking to adopt a format for text that is compatible with use in a database, does not lead to excess errors in the text after conversion, and is available through several software packages. In light of comments strongly recommending RTF, the Commission staff has considered the efficacy of RTF for reporting text.<sup>77</sup> The conference participants should address alternatives to RTF and whether: the data would be error free when translated, translation would be available in the most popular word processing programs, and RTF text would be usable in databases. Further, the basic issue of when to employ RTF and when to employ delimited ASCII must be resolved to ensure uniform treatment.

## 5. Appropriate Format for Numeric Data

Comments regarding the appropriate format to adopt for numeric data broke down into two camps—those supporting delimited ASCII and those arguing for a spreadsheet format.

Many pipelines recommended the use of delimited formats for numeric files. INGAA states that use of ASCII delimited formats for numeric files

<sup>76</sup> RTF permits the transfer of word files that have embedded text enhancement such as bold or underscoring. RTF was developed by Microsoft as a word processing document-exchange format and is available royalty free. It permits documents to be exchanged among diverse platforms. Since its inception it has gained most prominence as a format for the creation of Graphical-User-Interface based "Help" files. Apparently, this is related in part to its support of hyper-text.

<sup>77</sup> RTF is essentially a primitive example of a genre called text markup languages. It allows both the content and the appearance of a body of text to be represented as a stream of plain ASCII text, unlike a typical word processor document which consists of text interleaved with binary control information. The text stream is made up of special reserved commands and delimiters interspersed with the actual text. White space in the file is essentially ignored; line, paragraph, and page breaks are controlled by RTF commands, as are fonts, colors, margins, tabstops, and every other characteristic of text appearance you can imagine.

*PC Magazine*, February 7, 1995, v14, n3, p. 267.

<sup>74</sup> ASCII American Standard Code for Information Interchange can convey only letters, punctuation and certain symbols. It does not convey how the document should be formatted or what fonts to use. A delimited file is created by keypunching a series of symbols using commas, tab, or some other symbol to designate the space at the end of a word or number (thus, "tab delimited," "comma delimited," etc.).

<sup>75</sup> For general rate cases, three files are filed electronically. File 1 consists of the filing in a standard format designated by the Commission for use by all companies. The Commission provides edit check and print software. File 2 contains the footnotes for File 1. File 3 contains the rate filing in a format preferred by the company ("free form"). This data is converted to an ASCII file and appears exactly as the hard copy.

allows any party to access the files using commonly available software packages. Panhandle and Williston agree noting that a delimited format permits columnar data fields to be imported and exported into and out of most off-the-shelf spreadsheet and database applications. Panhandle and INGAA note that many pipelines recommended at the conference that electronic filing requirements should allow a pipeline to use its current hardware. Delimited ASCII would allow them to do so.

Several pipelines argued against submission of numeric data in a spreadsheet format. Northwest states that submitting its rate case in spreadsheet format would require 23 diskettes. INGAA notes that pipelines, regulatory agencies, and intervenors employ a wide range of software and hardware products, sometimes using different releases of a single software package. Panhandle states that mandating particular application software with which to manipulate data would force parties to use a single format, and restrict parties' ability to use data filed with the Commission. Several commenters object to providing data with formulas and linkages embedded. INGAA notes that these equations tend to be complex, cumbersome, and hard to follow even in modest rate case filings. As an alternative, INGAA suggests that formulas could be provided in written form. Northwest argues that formulas and links developed by Northwest should remain confidential and proprietary and so, Northwest might seek copyrights on such information.

On the other hand, several commenters argue that numeric data should be filed in a spreadsheet format with formulas and links intact. The Industrials, AGD, and APGA urge that pipelines be required to submit spreadsheets with embedded formulas and linkages. The Industrials argue that having PC-compatible spreadsheet files with formulas and linkages intact available to customers and intervenors will speed the processing of rate cases and allow many issues to be resolved in the suspension order.

The Industrials argue that the formulas which substantiate rate increase proposals are not proprietary. Requiring parties, including staff, to input all the figures from the rate case and spend weeks and rounds of testimony to recreate the pipeline's computations is grossly inefficient and unduly burdensome. The Industrials state that the regulations should explicitly state that the filing must be in spreadsheet format with formulas and linkages intact; and, that failure to do so is grounds for rejection. Industrials state

that receiving the rate case in a manipulable format will be critical given the 10-day period for comment and protest.

Williston notes that using the formats of the software the pipeline employs, the tab-delimited format, or RTF allows use of pre-determined row/column identifier formats. However, free form type structures should be utilized as much as possible to allow for the myriad of differences among the various pipelines' data processing requirements. Williston does not oppose filing data in the format of the application software it uses; provided numerical data does not include formulas or links.

One of the stated goals of the conference was to ensure that all spreadsheets contain the underlying formulas and links. Delimited formats are not capable of transmitting formulas and equations. The Commission agrees with the parties arguing for a spreadsheet format where the formulas in the worksheet or statement are important to the understanding of the pipeline's filing. To be useful, the data, required in subpart D, by Statements I and J and the state tax formulations in Statement H, must be received with the formulas included. These formulas are necessary to understand the pipeline's position with respect to cost allocation and rate design. In section 4 rate cases, the Commission has routinely obtained the formulas through data requests asking that the information be in spreadsheet form. The requirement that the initial filing be in spreadsheet format avoids the burden of having the same data submitted once as a tab delimited file and again, in response to a data request, in spreadsheet form, in order to capture the formulas. Accordingly, Statements I and J and a portion of H, containing state tax formulations submitted pursuant to subpart D, must be filed in the same format generated by the spreadsheet software used to create the statement or worksheet. These spreadsheets must include all the formulas and all links to other spreadsheets filed in the same rate case.

The Commission will not require the entire rate case to be filed in spreadsheet form. The other statements in the rate case generally do not contain formulas of a complex nature. These remaining statements will be filed in tab delimited ASCII format. As noted by some of the commenters, a delimited ASCII format for numeric data provides a format which can be written or read by several software packages on multiple platforms.

As suggested by several commenters, the Commission is specifying "tab"

delimited ASCII formats for all other numeric data to ensure uniformity in filing. Adopting a delimited ASCII format without specifying the delimiters would lead to confusion.

NDG suggests that, upon request by an interested party, the pipeline be required to supply copies of the spreadsheets, models, and databases relied upon to prepare the filing in an electronic format, including all accompanying workpapers. This requirement would shorten the time necessary to analyze a rate case. The Commission is not convinced that this requirement must be made a part of the regulations. The underlying spreadsheets, models, and databases relied upon to prepare the filing in an electronic format may be discoverable at hearing if found necessary in a particular case.

#### 6. Security and Reliability of Data

Williston and INGAA urge the Commission to adopt procedures to ensure the integrity of electronic filings and the security of any confidential data. Panhandle adds that the Commission should safeguard against accidental publishing of confidential data submitted electronically.

Confidential data filed with the Commission electronically will receive the same level of care extended to confidential data filed on paper. Any pipeline seeking confidential treatment for electronically filed data should adhere to the requirements of § 385.112.

#### 7. Submission of Data to the Commission

Panhandle supports continuing data submission via diskettes, while permitting other options such as CD-ROM or high-speed telecommunications. Williston and El Paso also support the use of telecommunications for submission and dissemination of electronically filed data. However, Williston does not support the use of EDI for the filings under subpart D.<sup>78</sup> If telecommunication is not used, Williston suggests use of CD-ROM as an alternative to diskettes.

El Paso states that the Commission could permit the filing of a document by upload to the OPR bulletin board. Northwest suggests that, considering the prominence of electronic mail and internet, eventually, pipelines should

<sup>78</sup> Electronic Data Interchange (EDI) is a means by which computers exchange information over communication lines using standardized formats. For example, the capacity release data posted on a pipeline's electronic bulletin board is also available in downloadable files that conform to the standards for EDI promulgated by the American National Standards Institute (ANSI) Accredited Standards Committee (ASC).

transmit information only electronically. Sending an electronic version with paper available upon request would save money on postage and paper. El Paso requests that the Commission permit the filing of documents by electronic means only and eliminate, or reduce, the requirement to file paper copies.

The Commission will continue to require paper filings to accompany Form No. 2, Form No. 2A, Form No. 11, discount rate reports, and rate case filings. At the conference, the parties should consider whether any submission (such as the discount rate report) could effectively be filed through electronic media only. Continuing the paper copies for some filings and forms does not signal the Commission's unwillingness to eventually forgo paper versions of these filings and forms at some future time. The Commission intends to continue to work with the industry to overcome the technological and procedural hurdles associated with telecommunications and enhance the reliance on electronic filings.

Currently, electronic filings are submitted commonly on diskette. Continuation of diskette submission is appropriate as the standard means of submission since there continues to be substantial support for use of diskettes. The Commission will also permit submission on CD-ROM.<sup>79</sup> The Commission intends to continue to work with the industry to overcome the technological and procedural hurdles associated with telecommunications. The Commission agrees with comments by Williston and will not adopt EDI for natural gas rate cases. Many schedules are not standardized and are not compatible with this alternative.

#### 8. Dissemination of Data by the Commission

Panhandle and Williston suggest that the Commission disseminate filed information. Applicants could provide electronic information on a voluntary basis. INGAA supports the increased dissemination of filed documents through the Commission; similar to the successful example of electronic dissemination of tariff sheets. INGAA and Williston suggest the elimination of hard copy dissemination whenever possible.

The Commission will continue to make paper copies of filings available since all members of the public are not prepared to rely solely on electronic dissemination. However, except in rare

cases where the file size makes downloading impractical, the Commission intends to disseminate all filed electronic data to the general public through the Commission's gas pipeline data bulletin board. Dissemination electronically by the Commission will greatly reduce demands on the pipelines for such information in either paper or electronic form.

The Registry recommends the rate case data be made available to intervenors in a rate case in zipped (compressed) files on 3.5" diskettes in both edit protected and edit enabled modes in at least one of the following three applications: Excel, Lotus and, QuattroPro.<sup>80</sup> Where edit-protection cannot be password locked, the diskette should be marked appropriately. The uncompressed file names should appear on the label or sleeve wrapper of the diskette.

The Industrials argue that, while there are good grounds for submitting a password protected version of the filing, the pipeline should give Commission staff and, upon request, others, a version without such password protection. The unprotected version should be available through downloadable electronic postings and/or on diskette.

Password protection or other forms of security should be discussed at the conference. However, as long as a paper copy is available, there is a reliable way to check the accuracy of the electronic data. Both the electronic data and the paper version of the filing are part of the official filing and should contain the same information.

The Commission will not favor one commercial vendor over another; and so, will not adopt a specific file compression or spreadsheet software. When the pipeline has a file it believes needs to be compressed, the pipeline should contact the Commission to determine if the Commission can accommodate the file compression the pipeline chooses to use. The Commission will accept rate case data in the file form generated by the spreadsheet used by the filing pipeline.

Northwest asserts that only those electronic filings that do not contain formulas and links should be accessible to the public. The Commission disagrees, if the spreadsheets do not contain confidential data, there is no reason why they cannot be released to the public as submitted.

<sup>80</sup> The National Registry of Capacity Rights (The Registry) filed comments in Docket No. RM95-4-000. However, this comment related solely to rate case filings and, therefore, is addressed here.

#### 9. Fees for Costs of Electronic Filing

Panhandle asserts that the Commission should permit pipelines to assess fees to recover the costs of implementing and providing the new data requirements. However, the issue of cost recovery for implementing the electronic filing requirements is dealt with more appropriately in a rate proceeding and not in this rulemaking.

#### V. Regulatory Flexibility Act Certification

The Regulatory Flexibility Act (RFA)<sup>81</sup> requires agencies to prepare certain statements, descriptions, and analyses of proposed rules that will have a significant economic impact on a substantial number of small entities. The Commission is not required to make such analyses if a rule would not have such an effect.

The Commission does not believe that this rule will have such an impact on small entities. Most filing companies regulated by the Commission do not fall within the RFA's definition of small entity.<sup>82</sup> Further, the filing requirements of small entities are reduced by the rule. Therefore, the Commission certifies that this rule will not have a significant economic impact on a substantial number of small entities.

#### VI. Environmental Statement

The Commission has excluded certain actions not having a significant effect on the human environment from the requirement to prepare an environmental assessment or an environmental impact statement.<sup>83</sup> No environmental consideration is raised by the promulgation of a rule that is clarifying, corrective, or procedural or that does not substantially change the effect of legislation or regulations being amended.<sup>84</sup> The instant rule changes the information to be filed, and the manner by which that information is filed, with the Commission but does not substantially change the effect of the underlying legislation or the regulations being replaced or revised. Accordingly, no environmental consideration is necessary.

<sup>81</sup> 5 U.S.C. 601-612.

<sup>82</sup> 5 U.S.C. 601(3), citing to section 3 of the Small Business Act, 15 U.S.C. 632. Section 3 of the Small Business Act defines a "small-business concern" as a business which is independently owned and operated and which is not dominant in its field of operation.

<sup>83</sup> 18 CFR 380.4.

<sup>84</sup> 18 CFR 380.4(a)(2)(ii).

<sup>79</sup> Technical specifications for CD-ROM submission will appear in the electronic filing instructions for each individual form or filing.

## VII. Information Collection Statement

The Office of Management and Budget's (OMB) regulations<sup>85</sup> require that OMB approve certain information and recordkeeping requirements imposed by an agency. The information collection requirements in this final rule are contained in the following: FERC Form 542 "Gas Pipeline Rates: Initial Rates, Rate Change and Rate Tracking" (1902-0070); FERC Form 542A Tracking and Recovery of Alaska Natural Gas Transportation System" (1902-0129); FERC Form 543 "Gas Pipeline Rates: Rate Tracking, Formal Rates" (1902-0152); FERC Form 544 "Gas Pipeline Rates: Rate Change, Formal Rates" (1902-0153); FERC Form 545 "Gas Pipeline Rates: Rate Change, Nonformal Rates" (1902-0154); FERC Form 546 "Certificated Rate Filings: Gas Pipeline Rates" (1902-0155); and, FERC Form 547 Gas Pipeline Rates: Refund Report Requirements" (1902-0084).

By this rule, the Commission is modernizing its regulations to reflect the current regulatory environment that it instituted with Order No. 636 and the restructuring of the natural gas industry. Specifically, the Commission is revising its regulations in part 154 to focus on transportation services instead of pipeline sales activities. The revised filing requirements will improve the internal support of a pipeline's filing and facilitate more rapid settlement or adjudication of pipeline rate proposals. The Commission's Office of Pipeline Regulation uses the data in rate proceedings to review rate and tariff changes by natural gas companies for the transportation of gas and for general industry oversight under the Natural Gas Act. The Commission's Office of Economic Policy also uses this data in its analysis of interstate natural gas pipelines.

The Commission is submitting to the Office of Management and Budget a notification of these collections of information. Interested persons may obtain information on these reporting requirements by contacting the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426 (Attention: Michael Miller, Information Services Division, (202) 208-1415). Comments on the requirements of this rule can be sent to the Office of Information and Regulatory Affairs of OMB, Washington, DC 20503, (Attention: Desk Officer for Federal Energy Regulatory Commission) FAX: (202)395-5167. You shall not be penalized for failure to respond to this collection of information unless the

collection of information displays a valid OMB control number.

## VIII. Effective Date

The final rule will be effective November 13, 1995.

### List of Subjects in 18 CFR Part 154

Natural gas companies, Rate schedules and tariffs.

By the Commission.

**Lois D. Cashell,**  
*Secretary.*

For the reasons set out in the preamble, 18 CFR part 154 is revised to read as follows.

## PART 154—RATE SCHEDULES AND TARIFFS

### Subpart A—General Provisions and Conditions

Sec.

- 154.1 Application; Obligation to file.
- 154.2 Definitions.
- 154.3 Effective tariff.
- 154.4 Electronic and paper media.
- 154.5 Rejection of filings.
- 154.6 Acceptance for filing not approval.
- 154.7 General requirements for the submission of a tariff filing or executed service agreement.
- 154.8 Informal submission for staff suggestions.

### Subpart B—Form and Composition of Tariff

- 154.101 Form.
- 154.102 Title page and arrangement.
- 154.103 Composition of tariff.
- 154.104 Table of contents.
- 154.105 Preliminary statement.
- 154.106 Map.
- 154.107 Currently effective rates.
- 154.108 Composition of rate schedules.
- 154.109 General terms and conditions.
- 154.110 Form of service agreement.
- 154.111 Index of customers.
- 154.112 Exception to form and composition of tariff.

### Subpart C—Procedures for Changing Tariffs

- 154.201 Filing requirements.
- 154.202 Filings to initiate a new rate schedule.
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**Authority:** 15 U.S.C. 717-717w; 31 U.S.C. 9701; 42 U.S.C. 7102-7352.

### Subpart A—General Provisions and Conditions

#### § 154.1 Application; Obligation to file.

(a) The provisions of this part apply to filings pursuant to section 4 of the Natural Gas Act.

(b) Every natural gas company must file with the Commission and post in conformity with the requirements of this part, schedules showing all rates and charges for any transportation or sale of natural gas subject to the jurisdiction of the Commission, and the classifications, practices, rules, and regulations affecting such rates, charges, and services, together with all contracts related thereto.

(c) No natural gas company may file, under this part, any new or changed rate schedule or contract for the performance of any service for which a certificate of public convenience and necessity or certificate amendment must be obtained pursuant to section 7(c) of the Natural Gas Act, until such certificate has been issued.

(d) For the purposes of paragraph (b) of this section, any contract that conforms to the form of service agreement that is part of the pipeline's tariff pursuant to § 154.110 does not

<sup>85</sup> 5 CFR 1320.13.

have to be filed. Any contract or executed service agreement which deviates in any material aspect from the form of service agreement in the tariff is subject to the filing requirements of this part.

#### § 154.2 Definitions.

(a) Contract means any agreement which in any manner affects or relates to rates, charges, classifications, practices, rules, regulations, or services for any transportation or sale of natural gas subject to the jurisdiction of the Commission. This term includes an executed service agreement.

(b) FERC Gas Tariff or tariff means a compilation, either in book form or on electronic media, of all of the effective rate schedules of a particular natural gas company, and a copy of each form of service agreement.

(c) Form of service agreement means an unexecuted agreement for service included as an example in the tariff.

(d) *Post means*: to make a copy of a natural gas company's tariff and contracts available during regular business hours for public inspection in a convenient form and place at the natural gas company's offices where business is conducted with affected customers; and, to mail to each affected customer and interested state commission a copy of the tariff, or part thereof. Mailing must be accomplished by U.S. Mail, unless some other method is agreed to by the parties.

(e) Rate schedule means a statement of a rate or charge for a particular classification of transportation or sale of natural gas subject to the jurisdiction of the Commission, and all terms, conditions, classifications, practices, rules, and regulations affecting such rate or charge.

(f) Filing date means the day on which a tariff, or part thereof, or a contract is received in the Office of the Secretary of the Commission for filing in compliance with the requirements of this part.

#### § 154.3 Effective tariff.

(a) The effective tariff of a natural gas company is the tariff filed pursuant to the requirements of this part, and permitted by the Commission to become effective. A natural gas company must not directly or indirectly, demand, charge, or collect any rate or charge for, or in connection with, the transportation or sale of natural gas subject to the jurisdiction of the Commission, or impose any classifications, practices, rules, or regulations, different from those prescribed in its effective tariff and executed service agreements on file with

the Commission, unless otherwise specifically permitted by order of the Commission.

(b) No tariff provision may purport to change an effective rate or charge except in the manner provided in section 4 of the Natural Gas Act, and the regulations in this part. The tariff may not provide for any rate or charge to be automatically changed by an index or other periodic adjustment, without filing for a rate change pursuant to these regulations.

#### § 154.4 Electronic and paper media.

(a) General rule. All statements filed pursuant to subpart D of this part, and all workpapers in spreadsheet format, and tariff sheets other than those in Volume No. 2, must be submitted on electronic media. Filings pursuant to this part 154 must also include the prescribed number of paper copies. Tariffs, rate schedules, and contracts, or parts thereof, and material related thereto, including any change in rates, notice of cancellation or termination, and certificates of adoption, must be submitted to the Commission in an original and 5 paper copies, except that filings pursuant to subpart D of this part must be submitted in an original and 12 paper copies.

(b) All filings must be signed in compliance with the following.

(1) The signature on a filing constitutes a certification that: The signer has read the filing signed and knows the contents of the paper copies and electronic media; the paper copies contain the same information as contained on the electronic media; the contents as stated in the copies and on the electronic media are true to the best knowledge and belief of the signer; and, the signer possesses full power and authority to sign the filing.

(2) A filing must be signed by one of the following:

(i) The person on behalf of whom the filing is made;

(ii) An officer, agent, or employee of the governmental authority, agency, or instrumentality on behalf of which the filing is made; or,

(iii) A representative qualified to practice before the Commission under § 385.2101 of this chapter who possesses authority to sign.

(c) Electronic media suitable for Commission filings are listed in the instructions for each form and filing. Lists of suitable electronic media are available upon request from the Commission. The formats for the electronic filing and paper copy can be obtained at the Federal Energy Regulatory Commission, Public Information and Reference Branch, 888

First Street, NE., Washington, D.C. 20426.

(d) *Where to file*. The electronic media, the paper copies and accompanying transmittal letter must be submitted in one package to: Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, D.C. 20426.

(e) *Waiver*. A natural gas company may request a waiver of the requirement to submit filings by electronic media, by filing an original and 5 copies of a request for waiver. The request must demonstrate that the natural gas company does not have, and is unable to acquire, the technical capability to file the information on electronic media.

#### § 154.5 Rejection of filings.

A filing that fails to comply with this part may be rejected by the Director of the Office of Pipeline Regulation pursuant to the authority delegated to the Director in § 375.307(b)(2) of this chapter.

#### § 154.6 Acceptance for filing not approval.

The acceptance for filing of any tariff, contract or part thereof does not constitute approval by the Commission. Any filing which does not comply with any applicable statute, rule, or order, may be rejected.

#### § 154.7 General requirements for the submission of a tariff filing or executed service agreement.

The following must be included with the filing of any tariff, executed service agreement, or part thereof, or change thereto.

(a) A letter of transmittal containing:

(1) A list of the material enclosed,  
(2) The name of a responsible company official to whom questions regarding the filing may be addressed, with a telephone number at which the official may be reached,

(3) The date on which such filing is proposed to become effective,

(4) Reference to the authority under which the filing is made, including the specific section of a statute, subpart of these regulations, order of the Commission, provision of the company's tariff, or any other appropriate authority. If an order is referenced, the letter must include the citation to the FERC Reports, the date of issuance, and the lead docket number of the proceeding in which the order was issued.

(5) A list of the tariff sheets enclosed,

(6) A statement of the nature, the reasons, and the basis for the filing. The statement must include a summary of the changes or additions made to the tariff or executed service agreement, as

appropriate. A detailed explanation of the need for each change or addition to the tariff or executed service agreement must be included. The natural gas company also must note all relevant precedents relied upon to prepare its filing.

(7) Any requests for waiver. A request for waiver must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(8) Where the natural gas company proposes a new rate, identification of the last rate, found by the Commission to be just and reasonable, that underlies the proposed rate.

(9) A motion, in case of minimal suspension, to place the proposed rates into effect at the end of the suspension period; or, a specific statement that the pipeline reserves its right to file a later motion to place the proposed rates into effect at the end of the suspension period.

(b) A certification of service pursuant to § 154.2(d) to all customers on the service list and interested state commissions.

#### **§ 154.8 Informal submission for staff suggestions.**

Any natural gas company may informally submit a proposed tariff or any part thereof or material relating thereto for the suggestions of the Commission staff prior to filing. Opinions of the Commission staff are not binding upon the Commission.

### **Subpart B—Form and Composition of Tariff**

#### **§ 154.101 Form.**

The paper copies of the tariff must be printed, typewritten, or otherwise reproduced on 8½ by 11 inch sheets of a durable paper so as to result in a clear and permanent record. The sheets of the tariff must be ruled to set off borders of ¼ inches on top, bottom, and left sides and ½ inch on the right side, and punched (3 holes) on the left side.

#### **§ 154.102 Title page and arrangement.**

(a) The title page must show on the front cover:

FERC Gas Tariff

[Volume number. For example: "Original Volume No. 1"] of [Name of Natural-Gas Company]

Filed with The Federal Energy Regulatory Commission

(b) If the tariff consists of two or more volumes, the volumes must be identified by "(Original) Volume No. (1)", directly below the words "FERC Gas Tariff."

(c) When any volume of a tariff is to be superseded or replaced in its entirety, the replacing volume must show prominently on the title page the volume number being superseded or replaced. For example:

FERC Gas Tariff

First Revised Volume No. 1 (Supersedes Original Volume No. 1)

(d) The first page must be a title page which must carry the information shown in paragraph (b) of this section and, in addition, the name, title, and address, telephone number, and facsimile number of the person to whom communications concerning the tariff should be sent. If the address is a post office box number, a street address must also be included.

(e) All sheets must have the following information placed in the margins:

(1) *Identification.* At the left, above the top marginal ruling, the exact name of the company must be shown, under which must be set forth the words "FERC Gas Tariff," together with volume identification.

(2) *Numbering of sheets.* Except for the title page, at the right above the top marginal ruling, the sheet number must appear after the words "(Original) Sheet No.(number)." All sheets must be numbered in the manner set forth in the Tariff Sheet Pagination Guidelines contained in the instructions for filing natural gas company tariffs on electronic media.

(3) *Issuing officer and issue date.* On the left below the lower marginal ruling, must be placed "Issued by": followed by the name and title of the person authorized to issue the sheet. Immediately below must be placed "Issued on" followed by the date of issue.

(4) *Effective date.* On the right below the lower marginal ruling must be placed "Effective": followed by the specific effective date proposed by the company.

(5) *Tariff Sheets filed to comply with Commission orders.* Tariff sheets which are filed to comply with Commission orders must carry the following notation in the bottom margin: "Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. (number), issued (date), (FERC Reports citation)."

#### **§ 154.103 Composition of tariff.**

(a) The tariff must contain sections, in the following order: A table of contents, a preliminary statement, a map of the system, currently effective rates, composition of rate schedules, general terms and conditions, form of service agreement, and an index of customers.

(b) Rate schedules must be grouped according to class and numbered serially within each group, using letters before the serial number to indicate the class of service. For example: FT-1, FT-2 may be used for firm transportation service; IT-1, IT-2 may be used for interruptible transportation service; X-1, X-2 may be used for schedules for which special exception has been obtained.

#### **§ 154.104 Table of contents.**

The table of contents must contain a list of the rate schedules, sections of the general terms and conditions, and other sections in the order in which they appear, showing the sheet number of the first page of each section. The list of rate schedules must consist of: The alphanumeric designation of each rate schedule, a very brief description of the service, and the sheet number of the first page of each rate schedule.

#### **§ 154.105 Preliminary statement.**

The preliminary statement must contain a brief general description of the company's operations and may also contain a general explanation of its policies and practices. General rules and regulations, and any material necessary for the interpretation or application of the rate schedules, may not be included in the preliminary statement.

#### **§ 154.106 Map.**

(a) The map must show the general geographic location of the company's principal pipeline facilities and of the points at which service is rendered under the tariff. The boundaries of any rate zones or rate areas must be shown and the areas or zones identified. The entire system should be displayed on a single map. In addition, a separate map should be provided for each zone.

(b) The map must be provided on paper only.

(c) The map must be revised to reflect any major changes. The revised map must be filed no later than April 30 of the calendar year after the major change.

#### **§ 154.107 Currently effective rates.**

(a) This section of the tariff must present the currently effective rates and charges under each rate schedule.

(b) All rates must be stated clearly in cents or dollars and cents per thermal unit. The unit of measure must be stated for each component of a rate.

(c) A rate having more than one part must have each component set out separately under appropriate headings (e.g., "Reservation Charge," "Usage Charge.")

(d) Where a component of a rate is adjusted pursuant to a mechanism

approved under subpart E of this part, the adjustment must be stated in a separate column on the rate sheet.

(e) Exception to paragraph (d) of this section. Where the rate component is an Annual Charge Adjustment or Gas Research Institute surcharge approved by the Commission, the adjustment or surcharge may be stated in a footnote on the rate sheet.

(f) A total rate, indicating the sum of the rate components under paragraph (c) of this section plus the adjustments under paragraph (d) of this section, must be shown in the last column at the end of a line for a rate, so that a reader can readily determine the separate components comprising the total rate for a service.

#### **§ 154.108 Composition of rate schedules.**

The rate schedule must contain a statement of the rate or charge and all terms and conditions governing its application, arranged as follows:

(a) *Title*. Each rate schedule must have a title consisting of a designation of the type or classification of service (see § 154.103(b)), and a statement of the type or classification of service to which the rate is applicable.

(b) *Availability*. This paragraph must describe the conditions under which the rate is offered, including any geographic zone limitations.

(c) *Applicability and character of service*. This paragraph must fully describe the kind or classification of service to be rendered.

(d) *Summary of rates*. This paragraph must briefly set forth all components of the rates, refer to the location of the rates in the Currently Effective Rates, and provide a description of the calculation of the monthly charges for each rate component.

(e) *Other provisions*. All other major provisions governing the application of the rate schedule, such as determination of billing demand, contract demand, heat content, and measurement base, must be set forth with appropriate headings or incorporated by reference to the applicable general terms and conditions.

(f) *Applicable terms and conditions*. This paragraph either states that all of the general terms and conditions set forth in the tariff apply to the rate schedule, or specifies which of the general terms and conditions do not apply.

#### **§ 154.109 General terms and conditions.**

(a) This section of the tariff contains terms and conditions of service applicable to all or any of the rate schedules. Subsections and paragraphs

must be numbered for convenient reference.

(b) The general terms and conditions of the tariff must contain a statement of the company's policy with respect to the financing or construction of laterals including when the pipeline will pay for or contribute to the construction cost. The term "lateral" means any pipeline extension (other than a mainline extension) built from an existing pipeline facility to deliver gas to one or more customers, including new delivery points and enlargements or replacements of existing laterals.

(c) The general terms and conditions of the tariff must contain a statement of the order in which the company discounts its rates and charges. The statement, specifying the order in which each rate component will be discounted, must be in accordance with Commission policy.

#### **§ 154.110 Form of service agreement.**

The tariff must contain an unexecuted pro forma copy of each form of service agreement. The form for each service must refer to the service to be rendered and the applicable rate schedule of the tariff; and, provide spaces for insertion of the name of the customer, effective date, expiration date, and term. Spaces may be provided for the insertion of receipt and delivery points, contract quantity, and other specifics of each transaction as appropriate.

#### **§ 154.111 Index of customers.**

(a) If a pipeline is in compliance with the reporting requirements of § 284.106 or § 284.223 of this chapter, then an index of customers need not be provided in the tariff.

(b) If all of a pipeline's jurisdictional transportation and sales are pursuant to part 157 of this chapter, then an index of customers must be provided that contains: a list of the pipeline's firm transportation, storage, and sales customers, and the rate schedule number for the services for which the shippers are contracting; the effective date of the contract; the expiration date of the contract; if the service is transportation or sales, the maximum daily contract demand under the contract; and, if the service is storage, the maximum storage quantity. Specify units of measurement when reporting contract quantities.

(c) The index of customers must be kept current by filing new or revised sheets, semi-annually. One filing must coincide with the filing of the natural gas company's FERC Form No. 2 or 2-A with a proposed effective date of June 1. The other filing must be made six months later with a proposed effective

date of December 1. The Index of Customers must contain a list of the contracts in effect as of the filing date.

#### **§ 154.112 Exception to form and composition of tariff.**

(a) The Commission may permit a special rate schedule to be filed in the form of an agreement in the case of a special operating arrangement, previously certificated pursuant to part 157 of this chapter, such as for the exchange of natural gas. The special rate schedule must contain a title page showing the parties to the agreement, the date of the agreement, a brief description of services to be rendered, and the designation: "Rate Schedule X-[number]." Special rate schedules may not contain any supplements.

Modifications must be by revised or insert sheets. Special rate schedules must be included in Volume No. 2 of the tariff. Volume No. 2 must contain a table of contents which is incorporated with the table of contents of Volume No. 1.

(b) Contracts for service pursuant to part 284 of this chapter that deviate in any material aspect from the form of service agreement must be filed. Such non-conforming agreements must be referenced in FERC Volume No. 1.

### **Subpart C—Procedures for Changing Tariffs**

#### **§ 154.201 Filing requirements.**

In addition to the requirements of subparts A and B of this part, the following must be included with the filing of any tariff, executed service agreement, or part thereof, that changes or supersedes any tariff, contract, or part thereof, on file with the Commission.

(a) A marked version of the pages to be changed or superseded showing additions and deletions. All new numbers and text must be marked by either highlight, background shading, bold, or underline. Deleted text and numbers must be indicated by strike-through. A marked version of the pages to be changed must be included in each copy of the filing required by these regulations.

(b) Documentation whether in the form of workpapers, or otherwise, sufficiently detailed to support the company's proposed change.

(1) The documentation must include but is not limited to the schedules, workpapers, and supporting documentation required by these rules and regulations and the Commission's orders.

(2) All rate changes in the filing must be supported by step-by-step mathematical calculations and sufficient

written narrative to allow the Commission and interested parties to duplicate the company's calculations.

(3) Any data or summaries included in the filing purporting to reflect the books of account must be supported by accounting workpapers setting forth all necessary particulars from which an auditor may readily verify that such data are in agreement with the company's books of account. All statements, schedules, and workpapers must be prepared in accordance with the classifications of the Commission's Uniform System of Accounts. Workpapers in support of all adjustments, computations, and other information, properly indexed and cross-referenced to the filing and other workpapers, must be available for Commission examination.

(4) Where a rate, cost, or volume is derived from another rate, cost, or volume, the derivation must be shown mathematically and be accompanied by a written narrative sufficient to allow the Commission and interested parties to duplicate the calculations. If the derivation is due to a load factor adjustment, application of a percentage, or other adjusting factor, the pipeline must also note or explain the origin of the adjusting factor.

(5) Where workpapers show progressive calculations, any discontinuity between one working paper and another must be explained.

#### **§ 154.202 Filings to initiate a new rate schedule.**

(a) When the filing is to initiate a new service authorized under a blanket authority in part 284 of this chapter, the filing must comply with the requirements of this paragraph.

(1) Filings under this paragraph must:

(i) Adhere to the requirements of subparts A, B, and C of this part;

(ii) Contain a description of the new service, including, but not limited to, the proposed effective date for commencement of service, applicability, whether the service is interruptible or firm, and the necessity for the service;

(iii) Explain how the new service will differ from existing services, including a concise description of the natural gas company's existing operations;

(iv) Explain the impact of the new service on existing firm and interruptible customers, including but not limited to:

(A) The adequacy of existing capacity, if the proposed service is a firm service, and

(B) The effect on receipt and delivery point flexibility, nominating and scheduling priorities, allocation of

capacity, operating conditions, and curtailment, for any new service;

(v) Include workpapers that detail the computations underlying the proposed rate under the new rate schedule; or, if the rate is a currently effective rate, include the appropriate reference and an explanation of why the rate is appropriate;

(vi) Give a justification, similar in form to filed testimony in a general section 4 rate case, explaining why the proposed rate design and proposed allocation of costs are just and reasonable;

(vii) If the costs relating to existing services are reallocated to new services, explain the method for allocating the costs and the impact on the existing customers;

(viii) Include workpapers showing the estimated effect on revenue and costs over the twelve-month period commencing on the proposed effective date of the filing.

(ix) List other filings pending before the Commission at the time of the filing which may significantly affect the filing. Explain how the instant filing would be affected by the outcome of each related pending filing;

(2) Any interdependent filings must be filed concurrently and contain a notice of the interdependence.

(b) If a new service, facility, or rate is specifically authorized by a Commission order pursuant to section 7 of the Natural Gas Act, with the filing of tariff sheets to implement the new rate schedule, the natural gas company must:

(1) Comply with the requirements of § 154.203; and

(2) Where the rate or charge proposed differs from the rate or charge approved in the certificate order, the natural gas company must: Show that the change is due to a rate adjustment under a periodic rate change mechanism previously accepted under § 154.403 which has taken effect since the certificate order was issued; or, show that the rate change is in accordance with the terms of the certificate, and provide workpapers justifying the change.

#### **§ 154.203 Compliance filings.**

(a) In addition to the requirements of subparts A, B, and C of this part, filings made to comply with orders issued by the Commission, including those issued under delegated authority, must contain the following:

(1) A list of the directives with which the company is complying;

(2) Revised workpapers, data, or summaries with cross-references to the

originally filed workpapers, data, or summaries;

(b) Filings made to comply with Commission orders must include only those changes required to comply with the order. Such compliance filings may not be combined with other rate or tariff change filings. A compliance filing that includes other changes or that does not comply with the applicable order in every respect may be rejected.

#### **§ 154.204 Changes in rate schedules, forms of service agreements, or the general terms and conditions.**

A filing to revise rate schedules, forms of service agreements, or the general terms and conditions, must:

(a) Adhere to the requirements of subparts A, B, and C, of this part;

(b) Contain a description of the change in service, including, but not limited to, applicability, necessity for the change, identification of services and types of customers that will be affected by the change;

(c) Explain how the proposed tariff provisions differ from those currently in effect, including an example showing how the existing and proposed tariff provisions operate. Explain why the change is being proposed at this time;

(d) Explain the impact of the proposed revision on firm and interruptible customers, including any changes in a customer's rights to capacity in the manner in which a customer is able to use such capacity, receipt or delivery point flexibility, nominating and scheduling, curtailment, capacity release;

(e) Include workpapers showing the estimated effect on revenues and costs over the 12-month period commencing on the proposed effective date of the filing. If the filing proposes to change an existing penalty provision, provide workpapers showing the penalty revenues and associated quantities under the existing penalty provision during the latest 12-month period; and

(f) List other filings pending before the Commission which may significantly affect the filing.

#### **§ 154.205 Changes related to suspended tariffs, executed service agreements, or parts thereof.**

(a) *Withdrawal of suspended tariffs, executed service agreements, or parts thereof.* A natural gas company may not, within the period of suspension, withdraw a proposed tariff, executed service agreement, or part thereof, that has been suspended by order of the Commission, except by special permission of the Commission granted upon application therefor and for good cause shown.

(b) *Changes in suspended tariffs, executed service agreements, or parts thereof.* A natural gas company may not, within the period of suspension, file any change in a proposed tariff, executed service agreement, or part thereof, that has been suspended by order of the Commission, except by special permission of the Commission granted upon application therefor and for good cause shown.

(c) *Changes in tariffs, executed service agreements, or parts thereof continued in effect, and which were to be changed by the suspended filing.* A natural gas company may not, within the period of suspension, file any change in a tariff, executed service agreement, or part thereof, that is continued in effect by operation of the order of suspension, and that was proposed to be changed by the suspended filing, except:

(1) Under a previously approved tariff provision permitting a limited rate change, or

(2) By special permission of the Commission.

**§ 154.206 Motion to place suspended rates into effect.**

(a) If, prior to the end of the suspension period, the Commission has issued an order requiring changes in the filed rates, or the filed rates recover costs for facilities not certificated and in service as of the proposed effective date, in order to place the suspended rates into effect, the pipeline must file a motion at least one day prior to the effective date requested by the pipeline. The motion must be accompanied by revised tariff sheets reflecting any changes ordered by the Commission or modifications approved by the Commission during the suspension period under § 154.205. The filing of the revised tariff sheets must:

(1) Comply with the requirements of subparts A, B, and C of this part;

(2) Identify the Commission order directing the revision;

(3) List the modifications made to the currently effective rate during the suspension period, the docket number in which the modifications were filed, and identify the order permitting the modifications.

(b) Where the Commission has suspended the effective date of a change of rate, charge, classification, or service for a minimal period and the pipeline has not included a motion in its transmittal letter, or has specified in its transmittal letter pursuant to § 154.7(a)(9), that it reserves its right to file motion to place the proposed change of rate, charge, classification, or service into effect at the end of the suspension period, the change will go

into effect, subject to refund, upon motion of the pipeline.

(c) Where the Commission has suspended the effective date of a change of rate, charge, classification, or service for a minimal period and the pipeline has included, in its transmittal letter pursuant to § 154.7(a)(9), a motion to place the proposed change of rate, charge, classification, or service into effect at the end of the suspension period, the change will go into effect, subject to refund, on the authorized effective date.

**§ 154.207 Notice requirements.**

All proposed changes in tariffs, contracts, or any parts thereof must be filed with the Commission and posted not less than 30 days nor more than 60 days prior to the proposed effective date thereof, unless a waiver of the time periods is granted by the Commission.

**§ 154.208 Service on customers and other parties.**

(a) On or before the filing date, the company must serve, upon all customers as of the date of the filing and all affected state regulatory commissions, an abbreviated form of the filing consisting of: The Letter of Transmittal; the Statement of Nature, Reason, and Basis; the changed tariff sheets; a summary of the cost-of-service and rate base; and, summary of the magnitude of the change.

(b) On or before the filing date, the company must serve a full copy of the filing upon all customers and state regulatory commissions that have made a standing request for such service.

(c) Within 48 hours of receiving a request for a complete copy from any customer or state commission that has not made a standing request, the company must serve a full copy of any filing.

**§ 154.209 Form of notice for Federal Register.**

The company must file a form of notice suitable for publication in the **Federal Register**. The company must also submit a copy of the notice on a separate 3½" diskette in ASCII format. Each diskette must be labelled with the name of the company and the words "notice of filing." The notice must be in the following form:

**United States of America Federal Energy Regulatory Commission**

(Name of Company) Docket No.

**Notice of Proposed Changes in FERC Gas Tariff (or Notice of Compliance Filing)**

Take notice that on (date), (name of company) tendered for filing as part of its FERC Gas Tariff, Volume No. (number), the

following tariff sheets, to become effective (insert effective date). (List tariff sheets). [The following language in the first paragraph applies only to compliance filings.] (Name of company) asserts that the purpose of this filing is to comply with the Commission's order issued (insert issue date), in (docket). [The following language in the first paragraph applies only to rate change filings.] The proposed changes would (increase/decrease) revenues from jurisdictional service by (dollar amount) based on the 12-month period ending (date), as adjusted. [For proposed changes other than changed rates and charges, the company must state concisely the nature of these changes.] [The company must briefly describe the reasons for the proposed changes in the second paragraph.]

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, Washington, DC 20426, in accordance with § 385.214 and § 385.211 of the Commission's rules and regulations. All such motions or protests must be filed on or before (insert date 12 days after filing date). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

**§ 154.210 Protests, interventions, and comments.**

(a) Unless the notice issued by the Commission provides otherwise, any protest, intervention or comment to a tariff filing made pursuant to this part must be filed in accordance with § 385.211 of this chapter, not later than 12 days after the subject tariff filing. A protest must state the basis for the objection. A protest will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make the protestant a party to the proceeding. A person wishing to become a party to the proceeding must file a motion to intervene.

(b) Any motion to intervene must be filed not later than 12 days after the subject tariff filing in accordance with § 385.214 of this chapter.

**Subpart D—Material To Be Filed With Changes**

**§ 154.301 Changes in rates.**

(a) Except for changes in rates pursuant to subparts E, F and G, of this part, any natural gas company filing for a change in rates or charges, except for a minor rate change, must submit, in addition to the material required by subparts A, B, and C of this part, the Statements and Schedules described in § 154.312.

(b) A natural gas company filing for a minor rate change must file the Statements and Schedules described in § 154.313.

(c) A natural gas company filing for a change in rates or charges must be prepared to go forward at a hearing and sustain, solely on the material submitted with its filing, the burden of proving that the proposed changes are just and reasonable. The filing and supporting workpapers must be of such composition, scope, and format as to comprise the company's complete case-in-chief in the event that the change is suspended and the matter is set for hearing. If the rate fixing adjustments presented are not in full accord with any prior Commission decision directly involving the filing company, the company must include in its working papers alternate material reflecting the effect of such prior decision. (For purposes of this section, rate of return is not a rate fixing adjustment.)

#### **§ 154.302 Previously submitted material.**

(a) If all, or any portion, of the information called for by this part has already been submitted to the Commission within six months of the filing date of this application, or is included in other data filed pursuant to this part, specific reference thereto may be made in lieu of resubmission.

(b) If a new FERC Form No. 2 or 2-A is required to be filed within 60 days from the end of the base period, the new FERC Form No. 2 or 2-A must be filed concurrently with the rate change filing. There must be furnished to the Director, Office of Pipeline Regulation, with the rate change filing, one copy of the FERC Form No. 2 or 2-A.

#### **§ 154.303 Test periods.**

Statements A through M, O, P, and supporting schedules, in § 154.312 and § 154.313, must be based upon a test period.

(a) If the natural gas company has been in operation for 12 months on the filing date, then the test period consists of a base period followed by an adjustment period.

(1) The base period consists of 12 consecutive months of the most recently available actual experience. The last day of the base period may not be more than 4 months prior to the filing date.

(2) The adjustment period is a period of up to 9 months immediately following the base period.

(3) The test period may not extend more than 9 months beyond the filing date.

(4) The rate factors (volumes, costs, and billing determinants) established during the base period may be adjusted

for changes in revenues and costs which are known and measurable with reasonable accuracy at the time of the filing and which will become effective within the adjustment period. The base period factors must be adjusted to eliminate nonrecurring items. The company may adjust its base period factors to normalize items eliminated as nonrecurring.

(b) If the natural gas company has not been in operation for 12 months on the filing date, then the test period must consist of 12 consecutive months ending not more than one year after the filing date. Rate factors may be adjusted as in paragraph (a)(4) of this section but must not be adjusted for occurrences anticipated after the 12-month period.

(c)(1) Adjustments to base period experience, or to estimates where 12 months' experience is not available, may include the costs for facilities for which either a permanent or temporary certificate has been granted, provided such facilities will be in service within the test period; or a certificate application is pending. The filing must identify facilities, related costs and the docket number of each such outstanding certificate. Subject to paragraph (c)(2) of this section, adjustments to base period experience, or to estimates where 12 months' experience is not available, may include any amounts for facilities that require a certificate of public convenience and necessity, where a certificate has not been issued by the filing date but is expected to be issued before the end of the test period. Adjustments to base period may include costs for facilities that do not require a certificate and are in service by the end of the test period.

(2) When a pipeline files a motion to place the rates into effect, the filing must be revised to exclude the costs associated with any facilities not in service as of the earlier of the effective date or the end of the test period.

(d) The Commission may allow reasonable deviation from the prescribed test period.

#### **§ 154.304 Format of statements, schedules, workpapers and supporting data.**

(a) All statements, schedules, and workpapers must be prepared in accordance with the Commission's Uniform System of Accounts.

(b) The data in support of the proposed rate change must include the required particulars of book data, adjustments, and other computations and information on which the company relies, including a detailed narrative explanation of each proposed

adjustment to base period actual volumes and costs.

(c) Book data included in statements and schedules required to be prepared or submitted as part of the filing must be reported in a separate column or columns. All adjustments to book data must also be reported in a separate column or columns so that book amounts, adjustments thereto, and adjusted amounts will be clearly disclosed. All adjustments must be supported by a narrative explanation.

(d) Certain of the statements and schedules of § 154.313 are workpapers. Any data or summaries reflecting the books of account must be supported by accounting workpapers setting forth all necessary particulars from which an auditor may readily identify the book data included in the filing and verify that such data are in agreement with the company's books of account.

#### **§ 154.305 Tax normalization.**

(a) *Applicability.* An interstate pipeline must compute the income tax component of its cost-of-service by using tax normalization for all transactions.

(b) *Definitions.*

(1) *Tax normalization* means computing the income tax component as if transactions recognized in each period for ratemaking purposes are also recognized in the same amount and in the same period for income tax purposes.

(2) *Commission-approved ratemaking method* means a ratemaking method approved by the Commission in a final decision. This includes a ratemaking method that is part of an approved settlement or arbitration providing that the ratemaking method is to be effective beyond the term of the settlement or arbitration.

(3) *Income tax purposes* means for the purpose of computing actual income tax under the provisions of the Internal Revenue Code or the income tax provisions of the laws of a State or political subdivision of a State (including franchise taxes).

(4) *Income tax component* means that part of the cost-of-service that covers income tax expenses allowable by the Commission.

(5) *Ratemaking purposes* means for the purpose of fixing, modifying, accepting, approving, disapproving, or rejecting rates under the Natural Gas Act.

(6) *Tax effect* means the tax reduction or addition associated with a specific expense or revenue transaction.

(7) *Transaction* means an activity or event that gives rise to an accounting entry.

(c) *Reduction of, and addition to, Rate Base.* (1) The rate base of an interstate pipeline using tax normalization under this section must be reduced by the balances that are properly recordable in Account 281, "Accumulated deferred income taxes—accelerated amortization property"; Account 282, "Accumulated deferred income taxes—other property"; and Account 283, "Accumulated deferred income taxes—other." Balances that are properly recordable in Account 190, "Accumulated deferred income taxes," must be treated as an addition to rate base. Include, as an addition or reduction, as appropriate, amounts in Account 182.3, Other regulatory assets, and Account 254, Other regulatory liabilities, that result from a deficiency or excess in the deferred tax accounts (see paragraph (d) of this section) and which have been, or are soon expected to be, authorized for recovery or refund through rates.

(2) Such rate base reductions or additions must be limited to deferred taxes related to rate base, construction, or other costs and revenues affecting jurisdictional cost-of-service.

(d) *Special rules.* (1) This paragraph applies:

(i) If the rate applicant has not provided deferred taxes in the same amount that would have accrued had tax normalization always been applied; or

(ii) If, as a result of changes in tax rates, the accumulated provision for deferred taxes becomes deficient in, or in excess of, amounts necessary to meet future tax liabilities.

(2) The interstate pipeline must compute the income tax component in its cost-of-service by making provision for any excess or deficiency in deferred taxes.

(3) The interstate pipeline must apply a Commission-approved ratemaking method made specifically applicable to the interstate pipeline for determining the cost-of-service provision described in paragraph (d)(2) of this section. If no Commission-approved ratemaking method has been made specifically applicable to the interstate pipeline, then the interstate pipeline must use some ratemaking method for making such provision, and the appropriateness of such method will be subject to case-by-case determination.

(4) An interstate pipeline must continue to include, as an addition or reduction to rate base, any deficiency or excess attributable to prior flow-through or changes in tax rates (paragraphs (d)(1)(i) and (d)(1)(ii) of this section), until such deficiency or excess is fully amortized in accordance with a

Commission approved ratemaking method.

#### **§ 154.306 Cash working capital.**

A natural gas company that files a tariff change under this part may not receive a cash working capital adjustment to its rate base unless the company or other participant in a rate proceeding under this part demonstrates, with a fully developed and reliable lead-lag study, a net revenue receipt lag or a net expense payment lag (revenue lead). Any demonstrated net revenue receipt lag will be credited to rate base; and, any demonstrated net expense payment lag will be deducted from rate base.

#### **§ 154.307 Joint facilities.**

The Statements required by § 154.312 must show all costs (investment, operation, maintenance, depreciation, taxes) that have been allocated to the natural gas operations involved in the subject rate change and are associated with joint facilities. The methods used in making such allocations must be provided.

#### **§ 154.308 Representation of chief accounting officer.**

The filing must include a statement executed by the chief accounting officer or other authorized accounting representative of the filing company representing that the cost statements, supporting data, and workpapers, that purport to reflect the books of the company do, in fact, set forth the results shown by such books.

#### **§ 154.309 Incremental expansions.**

(a) For every expansion for which incremental rates are charged, the company must provide a summary with applicable cross-references to § 154.312 and § 154.313, of the costs and revenues associated with the expansion, until the Commission authorizes the costs of the incremental facilities to be rolled-in to the pipeline's rates. For every expansion that has an at-risk provision in the certificate authorization, the costs and revenues associated with the facility must be shown in summary format with applicable cross-references to § 154.312 and § 154.313, until the Commission removes the at-risk condition.

(b) The summary statements must provide the formulae and explain the bases used in the allocation of common costs to each incremental facility.

#### **§ 154.310 Zones.**

If the company maintains records of costs by zone, and proposes a zone rate methodology based on these costs, the statements and schedules in § 154.312

and § 154.313 must reflect costs detailed by zone.

#### **§ 154.311 Updating of statements.**

(a) Certain statements and schedules in § 154.312, that include test period data, must be updated with actual data by month and must be resubmitted in the same format and with consecutive 12 month running totals, for each month of the adjustment period. The updated statements or schedules must be filed 45 days after the end of the test period. The updated filing must reference the associated docket number and must be filed in the same format, form, and number as the original filing.

(b) The statements and schedules in § 154.312 to be updated are: Statements C, D and H-4; Schedules B-1, B-2, C-3, D-2, E-2, E-4, G-1, G-4, G-5, G-6, H-1 (1)(a), H-1 (1)(b), H-1 (1)(c), H-1 (3)(a) through H-1 (3)(l), H-2 (1), H-3 (3), I-4, and I-6.

#### **§ 154.312 Composition of Statements.**

(a) *Statement A. Cost-of-service Summary.* Summarize the overall gas utility cost-of-service: operation and maintenance expenses, depreciation, taxes, credits to cost-of-service, and return as developed in other statements and schedules.

(b) *Statement B. Rate Base and Return Summary.* Summarize the overall gas utility rate base shown in Statements C, D, E, and Schedules B-1 and B-2. Show the application of the claimed rate of return to the overall rate base.

(1) *Schedule B-1. Accumulated Deferred Income Taxes* (Account Nos. 190, 282, and 283). Show monthly book balances of accumulated deferred income taxes for each of the 12 months during the base period. List all items for which the accumulated deferred income taxes are calculated. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Separately identify the individual components and the amounts in these accounts that the company seeks to include in its rate base.

(2) *Schedule B-2. Regulatory Asset and Liability.* If the pipeline seeks recovery of such balances in rate base, show monthly book balances of regulatory assets (Account 182.3) and liabilities (Account 254) for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Separately identify the individual components and the amounts in these accounts that the company seeks to include in its rate base. Identify any specific Commission authority that

required the establishment of these amounts. Regulatory asset or liability net of deferred tax amounts should be included. Also, separately state the gross amounts of the regulatory asset and liability.

(c) *Statement C. Cost of Plant Summary.* Show the amounts of gas utility plant classified by Accounts 101, 102, 103, 104, 105, 106, 107, 117.1, and 117.2 as of the beginning of the 12 months of actual experience, the book additions and reductions (in separate columns) during the 12 months, and the book balances at the end of the 12-month period. In adjoining columns, show the claimed adjustments, if any, to the book balances and the total cost of plant to be included in rate base. For Account 117, also provide the volumes by subaccount. State the method used for accounting for system gas recorded in Account 117.2. Explain all adjustments in the following schedules.

(1) *Schedule C-1. End of Base and Test Period Plant Functionalized.* Demonstrate the ending base and test period balances for Plant in Service, in columnar form, by detailed plant account prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies (part 201 of this chapter) with subtotals by functional classifications, e.g., Intangible Plant, Manufactured Gas Production Plant, Natural Gas Production and Gathering Plant, Products Extraction Plant, Storage Plant, Transmission Plant, Distribution Plant, and General Plant. Show zones, to the extent required by § 154.310, and expansions, to the extent required by § 154.309. Separately identify those facilities and associated costs claimed for the test period that require certificate authority but such authority has not been obtained at the time of filing. Give the docket number of the certificate proceeding.

(2) *Schedule C-2.* Show, for Accounts 106 and 107, a list of work orders claimed in the rate base. Give the work order number, docket number, description, amount of each work order, and the amounts of each type of undistributed construction overhead. Work orders amounting to \$500,000 or less may be grouped by category of items.

(3) *Schedule C-3.* A cross-reference to updated information in the company's FERC Form No. 2 may be substituted for this Schedule. Give details of each storage project owned and storage projects under contract to the company, showing cost by major functions. Show base and system gas storage quantities and associated costs by account for the test period and for the 12 months of

actual experience with monthly inputs and outputs to system gas.

(4) *Schedule C-4.* This schedule is part of the workpapers. State the methods and procedures followed in capitalizing the allowance for funds used during construction and other construction overheads. This schedule must be provided only in situations when the pipeline has changed any of its procedures since the last filed FERC Forms No. 2 or 2-A.

(5) *Schedule C-5.* This schedule is part of the workpapers. Set forth the cost of Plant in Service carried on the company's books as gas utility plant which was not being used in rendering gas service. Describe the plant. This schedule must be provided only if there is a significant change of \$500,000 or more since the end of the year reported in the company's last FERC Form No. 2 or 2-A.

(d) *Statement D. Accumulated Provisions for Depreciation, Depletion, and Amortization.* Show the accumulated provisions for depreciation, depletion, amortization, and abandonment (Account 108, detailed by functional plant classification, and Account 111), as of the beginning of the 12 months of actual experience, the book additions and reductions during the 12 months, and the balances at the end of the 12-month period. In adjoining columns, show adjustments to these ending book balances and the total adjusted balances. All adjustments must be explained in the supporting material. Any authorized negative salvage must be maintained in a separate subaccount of Account 108. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. The following schedules and additional material must be submitted as part of Statement D:

(1) *Schedule D-1.* This schedule is part of the workpapers. Show the depreciation reserve book balance applicable to that portion of the depreciation rate not yet approved by the Commission, the depreciation rates, the docket number of the order approving such rate, and an explanation of any difference. Reflect actual end of base period depreciation reserve functionalized. Show accumulated depreciation and amortization, in columnar form, for the ending base and test period balances by functional classifications of Accumulated Depreciation reserve. (Examples are provided in Schedule C-1). For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately.

(2) *Schedule D-2.* This schedule is part of the workpapers. Give a description of the methods and procedures used in depreciating, depleting, and amortizing plant and in recording abandonments. This schedule must be filed only if a policy change has been made effective since the period covered by the last annual report on FERC Form No. 2 or 2-A was filed with the Commission.

(e) *Statement E. Working Capital.* Show the components of working capital in sufficient detail to explain how the amount of each component was computed. Components of working capital, other than cash working capital, may include an allowance for the average of 13 monthly balances of materials and supplies and prepayments actually expended and gas for resale. To the extent the applicant files to adjust the average of any 13 monthly balances, workpapers must be submitted that support the adjustment(s). Show the computations, cross-references, and sources from which the data used in computing claimed working capital are derived. The following schedules and material must be submitted as part of Statement E:

(1) *Schedule E-1.* Show the computation of cash working capital claimed as an adjustment to the gas company's rate base. Any adjustment to rate base requested must be based on a fully-developed and reliable lead-lag study. The components of the lead-lag study must include actual total company revenues, purchased gas costs, storage expense, transportation and compression of gas by others, salaries and wages, administrative and general expenses, income taxes payable, taxes other than income taxes, and any other operating and maintenance expenses for the base period. Cash working capital allowances in the form of additions to rate base may not exceed one-eighth of the annual operating expenses, as adjusted, net of non-cash items.

(2) *Schedule E-2.* Set forth monthly balances for materials, supplies, and prepayments in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of such charges.

(3) *Schedule E-3.* For FERC Accounts 117.3, 164.1, 164.2 and 164.3, show the quantities and the respective costs of natural gas stored at the beginning of the test period, the input, output and balance remaining in Dth and associated costs by months. The method of pricing input, output and balance, and the claimed adjustments shall be disclosed and clearly and fully explained.

Pipelines using the inventory method for system gas should not include any system gas inventory balances in this schedule.

(f) *Statement F-1. Rate of Return Claimed.* Show the percentage rate of return claimed and the general reasons therefor. Where any component of the capital of the filing company is not primarily obtained through its own financing, but is primarily obtained from a company by which the filing company is controlled, as defined in the Commission's Uniform System of Accounts, then the data required by these statements must be submitted with respect to the debt capital, preferred stock capital, and common stock capital of such controlling company or any intermediate company through which such funds have been secured. Furnish the Commission staff a copy of the latest prospectus issued by the filing natural gas company, any superimposed holding company, or subsidiary companies.

(g) *Statement F-2.* Show

(1) The capitalization, capital structure, cost of debt capital, preferred stock capital, and the claimed return on stockholders' equity;

(2) The weighted cost of each capital class based on the capital structure; and,

(3) The overall rate of return claimed.

(h) *Statement F-3. Debt Capital.* Show the weighted average cost of debt capital based upon the following data for each class and series of long-term debt outstanding according to the balance sheet, as of the end of the 12-month base period of actual experience and as of the end of the 9-month test period.

(1) Title.

(2) Date of issuance and date of maturity.

(3) Interest rate.

(4) Principal amount of issue: Gross proceeds; Underwriters' discount or commission: Amount; Percent gross proceeds; Issuance expense: Amount; Percent gross proceeds; Net proceeds; Net proceeds per unit.

(5) Cost of money: Yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields. The yield to maturity is to be expressed as a nominal annual interest rate. For example, for bonds having semiannual payments, the yield to maturity is twice the semiannual rate.

(6) If the issue is owned by an affiliate, state the name and relationship of the owner.

(7) If the filing company has acquired, at a discount or premium, some part of its outstanding debt which could be used in meeting sinking fund

requirements, or for other reasons, separately show: The annual amortization of the discount or premium for each series of debt from the date of reacquisition over the remaining life of the debt being retired; and, the total discount and premium, as a result of such amortization, applicable to the test period.

(i) *Statement F-4. Preferred Stock Capital.* Show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the balance sheet, as of the end of the 12-month base period of actual experience and as of the end of the nine-month test period.

(1) Title.

(2) Date of issuance.

(3) If callable, call price.

(4) If convertible, terms of conversion.

(5) Dividend rate.

(6) Par or stated amount of issue:

Gross proceeds; Underwriters' discount or commission: Amount; Percent gross proceeds; Issuance expenses: Amount; Percent gross proceeds; Net proceeds; Net proceeds per unit.

(7) Cost of money: Annual dividend rate divided by net proceeds per unit.

(8) State whether the issue was offered to stockholders through subscription rights or to the public.

(9) If the issue is owned by an affiliate, state the name and relationship of the owner.

(j) *Statement G. Revenues, Credits, and Billing Determinants.*

(1) Show in summary format the information requested below on revenues, credits and billing determinants for the base period and the base period as adjusted. Explain the basis for adjustment to the base period. The level of billing determinants should not be adjusted for discounting.

(i) *Revenues.* Provide the total revenues, from jurisdictional and non-jurisdictional services, classified in accordance with the Commission's Uniform System of Accounts for the base period and for the base period as adjusted. Separate operating revenues by major rate component (e.g., reservation charges, demand charges, usage charges, commodity charges, injection charges, withdrawal charges, etc.) from revenues received from penalties, surcharges or other sources (e.g., ACA, GRI, transition costs). Show revenues by rate schedule and by receipt and delivery rate zones, if applicable. Show separately the revenues for firm services under contracts with a primary term of less than one year. For services provided through released capacity, identify total revenues by rate schedule and by

receipt and delivery rate zones, if applicable.

(ii) *Credits.* Show the principal components comprising each of the various items which are reflected as credits to the cost-of-service in preparing Statement A, Overall Cost-of-service for the base period and the base period as adjusted. Any transition cost component of interruptible transportation revenue must not be treated as operating revenues as defined above.

(iii) *Billing Determinants.* Show total reservation and usage billing determinants for the base period and the base period as adjusted, by rate schedule by receipt and delivery rate zones, if applicable. Show separately the billing determinants for firm services under contracts with a primary term of less than one year. For services provided through released capacity, identify billing determinants by rate schedule and by receipt and delivery rate zones, if applicable.

(2) The Schedules G-1 through G-6 must be filed at the FERC and served on all state commissions having jurisdiction over the affected customers within fifteen days after the rate case is filed. Schedules G-1 through G-6 must also be served on parties that request such service within 15 days of the filing of the rate case.

(i) *Schedule G-1. Base Period Revenues.* For the base period, show total actual revenues and billing determinants by month by customer name, by rate schedule, by receipt and delivery zone, if applicable, by major rate component (e.g., reservation charges) and totals. Billing determinants must not be adjusted for discounting. Provide actual throughput (i.e., usage or commodity quantities, unadjusted for discounting) and actual contract demand levels (unadjusted for discounting). Provide this information separately for firm service under contracts with a primary term of less than one year. Separate operating revenues from revenues received from surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are affiliates. Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the base period with cross-references to the other filed statements and schedules.

(ii) *Schedule G-2. Adjustment Period Revenues.*

(A) Show revenues and billing determinants by month, by customer name, by rate schedule, by receipt and delivery zone, if applicable, by major rate component (e.g., reservation charges) and totals for the base period

adjusted for known and measurable changes which are expected to occur within the adjustment period computed under the rates expected to be charged. Billing determinants must not be adjusted for discounting. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting). Provide this information separately for firm service under contracts with a primary term of less than one year. Separate operating revenues from revenues received from surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are affiliates. Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the adjustment period with cross-references to the other filed statements and schedules.

(B) Provide a reconciliation of the base period revenues and billing determinants and the revenues and billing determinants for the base period as adjusted.

(iii) *Schedule G-3*. Specify, quantify, and justify each proposed adjustment (capacity release, plant closure, contract termination, etc.) to base period actual billing determinants, and provide a detailed explanation for each factor contributing to the adjustment. Include references to any certificate docket authorizing changes. Submit workpapers with all formulae.

(iv) *Schedule G-4*. At-Risk Revenue. For each instance where there is a separate cost-of-service associated with facilities for which the applicant is "at risk," show the base period and adjustment period revenue by customer or customer code, by rate schedule, by receipt and delivery zone, if applicable, and as 12-month totals. Provide this information by month unless otherwise agreed to by interested parties and if monthly reporting is consistent with past practice of the pipeline. However, if seasonal services are involved, or if billing determinants vary from month to month, the information must be provided monthly. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting).

(v) *Schedule G-5*. Other Revenues.

(A) Describe and quantify, by month, the types of revenue included in Account Nos. 490-495 for the base and test periods. Show revenues applicable to the sale of products. Show the principal components comprising each of the various items which are reflected

as credits to cost-of-service in Statement A.

(B) To the extent the credits to the cost-of-service reflected in Statement A differ from the amounts shown on Schedule G-5, compare and reconcile the two statements. Quantify and explain each proposed adjustment to base period actuals. For Account No. 490, show the name and location of each product extraction plant processing gas for the applicant, and the inlet and outlet monthly dth of the pipeline's gas at each plant. Show the revenues received by the applicant by product by month for each extraction plant for the base period and proposed for the test period.

(C) Separately state each item and revenue received for the transportation of liquids, liquefiable hydrocarbon, or nonhydrocarbon constituents owned by shippers. For both the base and test periods, indicate by shipper contract: The quantity transported and the revenues received.

(D) Separately state the revenues received from the release by the pipeline of transportation and compression capacity it holds on other pipeline systems. The revenues must equal the revenues reflected on Schedule I-4(iv).

(vi) *Schedule G-6*. Miscellaneous Revenues. Separately state by month the base and adjustment period revenues and the associated quantities received as penalties from jurisdictional customers; the revenues received from cash outs and other imbalance adjustments; and, the revenues received from exit fees.

(k) *Statement H-1*. Operation and Maintenance Expenses. Show the gas operation and maintenance expenses according to each applicable account of the Commission's Uniform System of Accounts for Natural Gas Companies. Show the expenses under columnar headings, with subtotals for each functional classification, as follows: Operation and maintenance expense by months, as booked, for the 12 months of actual experience, and the 12-month total; adjustments, if any, to expenses as booked; and, total adjusted operation and maintenance expenses. Provide a detailed narrative explanation of, and the basis and supporting workpapers for, each adjustment. The following schedules and additional material must be submitted as part of Statement H-1:

(1) *Schedule H-1 (1)*. This schedule is part of the workpapers. Show the labor costs, materials and other charges (excluding purchased gas costs) and expenses associated with Accounts 810, 811, and 812 recorded in each gas operation and maintenance expense account of the Uniform System of

Accounts. Show these expenses, under the columnar headings, with subtotals for each functional classification, as follows: Operation and maintenance expenses by months, as booked, for the 12 months of actual experience, and the 12-month total; adjustments, if any, to expenses as booked; and total adjusted operation and maintenance expenses. Disclose and explain all accrual or other normalizing accounting entries for internal purposes reflected in the monthly expenses presented per book. Explain any amounts not currently payable, except depreciation charged through clearing accounts, included in operation and maintenance expenses.

(2) *Schedule H-1 (1)(a)*. Labor Costs.

(3) *Schedule H-1 (1)(b)*. Materials and Other Charges (Excluding Purchased Gas Costs and items shown in Schedule H-1 (1)(c)).

(4) *Schedule H-1 (1)(c)*. Quantities Applicable to Accounts Nos. 810, 811, and 812. Show the quantities for each of the contra-accounts for both base and test periods.

(5) *Schedule H-1 (2)*. This schedule is part of the workpapers. Show, for the 12 months of actual experience and claimed adjustments: A classification of principal charges, credits and volumes; particulars of supporting computations and accounting bases; a description of services and related dollar amounts for which liability is incurred or accrued; and, the name of the firm or individual rendering such services. Expenses reported in Schedules H-1 (2)(a) through H-1 (2)(k) of \$100,000 or less per type of service may be grouped.

(6) *Schedule H-1 (2)(a)*. Accounts 806, 808.1, 808.2, 809.1, 809.2, 813, 823, and any other account used to record fuel use or gas losses. Provide details of each type of expense.

(7) *Schedule H-1 (2)(b)*. Accounts 913 and 930.1. Advertising Expenses. Disclose principal types of advertising such as TV, newspaper, etc.

(8) *Schedule H-1 (2)(c)*. Account 921. Office Supplies and Expenses.

(9) *Schedule H-1 (2)(d)*. Account 922. Administrative Expenses Transferred Credit.

(10) *Schedule H-1 (2)(e)*. Account 923. Outside Services Employed.

(11) *Schedule H-1 (2)(f)*. Account 926. Employee Pensions and Benefits.

(12) *Schedule H-1 (2)(g)*. Account 928. Regulatory Commission Expenses.

(13) *Schedule H-1 (2)(h)*. Account 929. Duplicate Charges. Credit.

(14) *Schedule H-1 (2)(i)*. Account 930.2. Miscellaneous General Expenses.

(15) *Schedule H-1 (2)(j)*.

Intercompany and Interdepartmental Transactions. Provide a complete disclosure of all corporate overhead

allocated to the company. If the expense accounts contain charges or credits to and from associated or affiliated companies or nonutility departments of the company, submit a schedule, or schedules, as to each associated or affiliated company or nonutility department showing:

(i) The amount of the charges, or credits, during each month and in total for the base period and the adjustment period.

(ii) The FERC Account No. charged (or credited).

(iii) Descriptions of the specific services performed for, or by, the associated/affiliated company or nonutility department.

(iv) The bases used in determining the amounts of the charges (credits). Explain, document, and demonstrate the derivation of the allocation bases with underlying calculations used to allocate costs among affiliated companies, and identify (by account number) all costs paid to, or received from affiliated companies which are included in a pipeline's cost-of-service for both the base and test periods.

(16) *Schedule H-1 (2)(k)*. Show all lease payments applicable to gas operation contained in the operation and maintenance accounts. Leases of \$500,000 or less may be grouped by type of lease.

(l) *Statement H-2*. Depreciation, Depletion, Amortization and Negative Salvage Expenses. Show, separately, the gas plant depreciation, depletion, amortization, and negative salvage expenses by functional classifications. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. Show, in separate columns: expenses for the 12 months of actual experience; adjustments, if any, to such expense; and, the total adjusted expense claimed. Explain the bases, methods, essential computations, and derivation of unit rates for the calculation of depreciation, depletion, and amortization expense for the 12 months of actual experience and for the adjustments. The amounts of depreciable plant must be shown by the functions specified in paragraph C of Account 108, Accumulated Provisions for Depreciation of Gas Utility Plant, and Account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, of the Commission's Uniform System of Accounts for Natural Gas Companies, and, if available, for each detailed plant account (300 Series) together with the rates used in computing such expenses. Explain any deviation from the rates determined to be just and reasonable by

the Commission. Show the rate or rates previously used together with supporting data for the new rate or rates used for this filing. The following schedule and additional material must be submitted as a part of Statement H-2:

(1) *Schedule H-2 (1)*. Depreciable Plant.

(i) Reconcile the depreciable plant shown in Statement H-2 with the aggregate investment in gas plant shown in Statement C, and the expense charged to other than prescribed depreciation, depletion, amortization, and negative salvage expense accounts. Identify the amounts of plant costs and associated plant accounts used as the bases for depreciation expense charged to clearing accounts. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately.

(ii) *Schedule H-2 (1)* must be updated, as set forth in § 154.310, with actual depreciable plant and reconciled with updated Statement C.

(m) *Statement H-3*. Income Taxes. Show the computation of allowances for Federal and State income taxes for the test period based on the claimed return applied to the overall gas utility rate base. To indicate the accounting classification applicable to the amount claimed, the computation of the Federal income tax allowance must show, separately, the amounts designated as current tax and deferred tax. Section 154.306, Tax Normalization, is incorporated in these instructions by reference. All the requirements of this section apply to *Schedule H-3*. The following schedules and additional material must be submitted as a part of *Statement H-3*:

(1) *Schedule H-3 (1)*. This schedule is part of the workpapers. Show the income tax paid each State in the current and/or previous year covered by the test period.

(2) *Schedule H-3 (2)*. This schedule is part of the workpapers. Show the computation of an updated reconciliation between book depreciable plant and tax depreciable plant and accumulated provision for deferred income taxes, for the base period or latest calendar or fiscal year (depending on the company's reporting period). Regulatory asset or liability net of deferred tax amounts should be included in this reconciliation. Also, separately state the gross amounts of the regulatory asset and liability.

(n) *Statement H-4*. Other Taxes. Show the gas utility taxes, other than Federal or state income taxes, in separate columns, as follows: Tax expense per books for the 12 months of actual

experience (separately identify the amounts expensed or accrued during the period); adjustments, if any, to amounts booked; and, the total adjusted taxes claimed. Show the kind and amount of taxes paid under protest or in connection with taxes under litigation. Show taxes by state and by type of tax. The following schedules and additional material must be submitted as a part of *Statement H-4*:

(1) *Schedule H-4*. This schedule is part of the workpapers. Show the computations of adjusted taxes claimed in *Statement H(4)*.

(o) *Statement I*. *Statement I* consists of the following Schedules:

(1) *Schedule I-1*. Functionalization of Cost-of-service. Show the overall cost-of-service contained in *Statement A* as supported by *Statements B, C, D, E, G* (revenue credits), and *H*:

(i) *Schedule I-1(a)*. Separate overall cost-of-service by function of facility.

(ii) *Schedule I-1(b)*. Separate the transmission, storage, and gathering facilities between incremental and non-incremental facilities. If the pipeline proposes to directly assign the costs of specific facilities, it must provide a separate cost-of-service for every directly assigned facility (e.g., lateral or storage field).

(iii) *Schedule I-1(c)*. If the pipeline maintains records of costs by zone and proposes a zone rate methodology based on those costs separately state transmission, storage, and gathering costs, for each zone.

(iv) *Schedule I-1(d)*. Show the method used to allocate common and joint costs to various functions. Provide the factors underlying the allocation of general costs (e.g., miles of pipe, cost of plant, labor). Show the formulae used and explain the bases for the allocation of common and joint costs.

(2) *Schedule I-2*. Classification of Cost-of-service.

(i) For each functionalized cost-of-service provided in *Schedule I-1 (a), (b), and (c)*, show the classification of costs between fixed costs and variable costs and between reservation costs and usage costs. The classification must be for each element of the cost-of-service (e.g., depreciation expenses, state income taxes, revenue credits). For operation and maintenance expenses and revenue credits, the classification must be provided by account and by total.

(ii) Explain the basis for the classification of costs.

(iii) Explain any difference between the method for classifying costs and the classification method underlying the pipeline's currently effective rates.

(3) *Schedule I-3*. Allocation of Cost-of-service.

(i) If the company provides gas sales and transportation as a bundled service, show the allocation of costs between direct sales or distribution sales and the other services. If the company provides unbundled transportation, show the allocation of costs between services with cost-of-service rates and services with market-based rates, including products extraction, sales, and company-owned production. If the cost-of-service is allocated among rate zones, show how the classified cost-of-service is allocated among rate zones by function. If the pipeline proposes to establish rate zones for the first time, or to change existing rate zone boundaries, explain how the rate zone boundaries are established.

(ii) Show how the classified costs of service provided in Schedule I-2 or Schedule I-3 (i) are allocated among the pipeline's services and rate schedules.

(iii) Provide the formulae used in the allocation of the cost-of-service. Provide the factors underlying the allocation of the cost-of-service (e.g., contract demand, annual billing determinants, three-day peak). Provide the load factor or other basis for any imputed demand quantities.

(iv) Explain any changes in the basis for the allocation of the cost-of-service from the allocation methodologies underlying the currently effective rates.

(4) *Schedule I-4. Transmission and Compression of Gas by Others* (Account 858). Provide the following information for each transaction for the base and adjustment period:

- (i) The name of the transporter.
- (ii) The name of the rate schedule under which service is provided, and the expiration date of the contract.
- (iii) Monthly usage volumes.
- (iv) Monthly costs.

(v) The monthly revenues for volumes flowing under released capacity. The revenues in Schedule I-4 (iv) must also be reflected, separately, as a credit in Schedule G-5.

(5) *Schedule I-5. Gas Balance*. Show by months and total, for the 12 months of actual experience, the company's Gas Account, in the form required by FERC Form No. 2 pages 520 and 521. Show corresponding estimated data, if claimed to be different from actual experience. Provide the basis for any variation between estimated and actual base period data.

(p) *Statement J. Comparison and Reconciliation of Estimated Operating Revenues With Cost-of-service*. Compare the total revenues by rate schedule (Schedule G-2) to the allocated cost-of-service (Statement I). Identify any surcharges that are reflected in Statement N or in Statement I.

(1) *Schedule J-1. Summary of Billing Determinants*. Provide a summary of all billing determinants used to derive rates. Provide a reconciliation of customers' total billing determinants as shown on Schedule G-2 with those used to derive rates in Schedule J-2. Provide an explanation of how any discount adjustment is developed. If billing determinants are imputed for interruptible service, explain the method for calculating the billing determinants.

(2) *Schedule J-2. Derivation of Rates*. Show the derivation of each rate component of each rate. For each rate component of each rate schedule, include:

(i) A reference (by page, line, and column) to the allocated cost-of-service in Statement I.

(ii) A reference to the appropriate billing determinants in Schedule J-1.

(iii) Explain any changes in the method used for the derivation of rates from the method used in developing the underlying rates.

(q) *Statement K*. [Reserved]

(r) *Statement L. Balance Sheet*.

Provide a balance sheet in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies as of the beginning and end of the base period. Include any notes. If the natural gas company is a member of a group of companies, also provide a balance sheet on a consolidated basis.

(s) *Statement M. Income Statement*. Provide an income statement, including a section on earnings, in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies for the base period. Include any notes. If the natural gas company is a member of a system group of companies, provide an income statement on a consolidated basis.

(t) *Statement N*. [Reserved]

(u) *Statement O. Description of Company Operations*. Provide a description of the company's service area and diversity of operations. Include the following:

(1) Only if significant changes have occurred since the filing of the last FERC Form No. 2 or 2-A, provide a detailed system map.

(2) A list of each major expansion and abandonment since the company's last general rate case. Provide brief descriptions, approximate dates of operation or retirement from service, and costs classified by functions.

(3) A detailed description of how the company designs and operates its systems. Include design temperature.

(v) *Statement P. Explanatory Text and Prepared Testimony*. Provide copies of

prepared testimony indicating the line of proof which the company would offer for its case-in-chief in the event that the rates are suspended and the matter set for hearing. Name the sponsoring witness of all text and testimony. Statement P must be filed concurrently with the other schedules.

#### **§ 154.313 Schedules for minor rate changes.**

(a) A change in a rate or charge that, for the test period, does not increase the company's revenues by the smaller of \$1,000,000 or 5 percent is a minor rate change. A change in a rate level that does not directly or indirectly result in an increased rate or charge to any customer or class of customers is a minor rate change.

(b) In addition to the schedules in this section, filings for minor rate changes must include Statements L, M, O, P, I-1 through I-4, and J of § 154.312.

(c) The schedules of this section must contain the principal determinants essential to test the reasonableness of the proposed minor rate change. Any adjustments to book figures must be separately stated and the basis for the adjustment must be explained.

(d) Schedules B-1, B-2, C, D, E, H, H-2, and H-4 of § 154.313, must be updated with actual data by month and must be resubmitted in the same format and with consecutive 12 month running totals, for each month of the adjustment period. The updated statements or schedules must be filed 45 days after the end of the test period. The updated filing must reference the associated docket number and must be filed in the same format, form, and number as the original filing.

(e) Composition of schedules for minor rate changes.

(1) *Schedule A. Overall Cost-of-service by Function*. Summarize the overall cost-of-service (operation and maintenance expenses, depreciation, taxes, return, and credits to cost-of-service) developed from the supporting schedules below.

(2) *Schedule B. Overall Rate Base and Return*. Summarize the overall gas utility rate base by function. Include the claimed rate of return and show the application of the claimed rate of return to the overall rate base.

(3) *Schedule B-1. Accumulated Deferred Income Taxes* (Account Nos. 190, 281, 282, and 283). Show monthly book balances of accumulated deferred income taxes for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance.

(4) *Schedule B-2. Regulatory Asset and Liability.* Show monthly book balances of regulatory asset (Account 182.3) and liability (Account 254) for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Only include these accounts if recovery of these balances are reflected in the company's costs. Identify the specific Commission authority which required the establishment of these accounts.

(5) *Schedule C. Cost of Plant by Functional Classification as of the End of the Base and Adjustment Periods.*

(6) *Schedule D. Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment by Functional Classifications as of the Beginning and as of the End of the Test Period.*

(7) *Schedule E. Working Capital.* Show the various components provided for in § 154.312, Statement E.

(8) *Schedule F.* Show the rate of return claimed with a brief explanation of the basis.

(9) *Schedule G. Revenues and Billing Determinants.*

(i) Show in summary format the information requested below on revenues and billing determinants for the base period and the base period as adjusted. Schedule G must be submitted to all customers of the pipeline that received service during the base period or are expected to receive service during the base period as adjusted and on State commissions having jurisdiction over the affected customers.

(A) *Revenues.* Provide the total revenues by rate schedule from jurisdictional services, classified in accordance with the Commission's Uniform System of Accounts for the base period and for the base period as adjusted. Separate operating revenues by major rate component (e.g., reservation charges, demand charges, usage charges, commodity charges, injection charges, withdrawal charges, etc.) from revenues received from penalties, surcharges or other sources (e.g., ACA, GRI, transition costs). For services provided through released capacity, identify total revenues by rate schedule and by receipt and delivery rate zones, if applicable.

(B) *Billing Determinants.* Show total reservation and usage billing determinants by rate schedule for the base period and the base period as adjusted. For services provided through released capacity, identify total billing determinants by rate schedule and by receipt and delivery rate zones, if applicable.

(ii) Schedule G-1 must be filed at the Commission and on all state commissions having jurisdiction over the affected customers within 15 days after the rate case is filed. Schedule G-1 must also be served on parties that request such service within 15 days of the filing of the rate case.

(A) *Schedule G-1. Adjustment Period Revenues.*

(1) Show revenues and billing determinants by month, by customer name, by rate schedule, by major rate component (e.g., reservation charges) and totals for the base period adjusted for known and measurable changes which are expected to occur within the adjustment period computed under the rates expected to be charged. Show commodity billing determinants by rate schedule. Billing determinants must not be adjusted for discounting. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting). Separate operating revenues from revenues received from surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are affiliates. Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the adjustment period with cross-references to the other filed statements and schedules.

(2) Provide a reconciliation of the base period revenues and billing determinants and the revenues and billing determinants for the base period as adjusted.

(10) *Schedule H. Operation and Maintenance Expenses.* Show the gas operation and maintenance expenses according to each applicable account of the Commission's Uniform System of Accounts for Natural Gas Companies. The expenses must be shown under appropriate columnar-headings, by labor, materials and other charges, and purchased gas costs, with subtotals for each functional classification: Operation and maintenance expense by months, as booked, for the 12 months of actual experience, and the total thereof; adjustments, if any, to expenses as booked; and, total adjusted operation and maintenance expenses claimed. Explain all adjustments. Specify the month or months during which the adjustments would be applicable.

(11) *Schedule H-1. Workpapers for Expense Accounts.* Furnish workpapers for the 12 months of actual experience and claimed adjustments and analytical details as set forth in § 154.312, Schedule H-1 (3).

(12) *Schedule H-2. Depreciation, Depletion, Amortization and Negative Salvage Expenses.* Show, separately, the gas plant depreciation, depletion, amortization, and negative salvage expenses by functional classifications. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. The bases, methods, essential computations, and derivation of unit rates for the calculation of depreciation, depletion, amortization, and negative salvage expenses for actual experience must be explained.

(13) *Schedule H-3. Income Tax Allowances Computed on the Basis of the Rate of Return Claimed.* Show the computation of allowances for Federal and State income taxes based on the claimed return applied to the overall gas utility rate base.

(14) *Schedule H-3 (1).* This schedule is part of the workpapers. Show the computation of an updated reconciliation between book depreciable plant and tax depreciable plant and accumulated provision for deferred income taxes, for the base period or latest calendar or fiscal year (depending on the company's reporting period).

(15) *Schedule H-4. Other Taxes.* Show the gas utility taxes, other than Federal or state income taxes in separate columns, as follows: Tax expense per books for the 12 months of actual experience; adjustments, if any, to amounts booked; and, the total adjusted taxes claimed. Provide the details of the kind and amount of taxes paid under protest or in connection with taxes under litigation. The taxes must be shown by states and by kind of taxes. Explain all adjustments.

#### § 154.314 Other support for a filing.

(a) Any company filing for a rate change is responsible for preparing prior to filing, and maintaining, workpapers sufficient to support the filing.

(b) If the natural gas company has relied upon data other than those in Statements A through P in § 154.312 in support of its general rate change, such other data must be identified and submitted.

#### Subpart E—Limited Rate Changes

##### § 154.400 Additional requirements.

In addition to the requirements of subparts A, B, and C of this part, any proposal to implement a limited rate change must comply with this subpart.

##### § 154.401 RD&D expenditures.

(a) *Requirements.* Upon approval by the Commission, a natural gas company may file to recover research,

development, and demonstration (RD&D) expenditures in its rates under this subpart.

(b) *Applications for rate treatment approval.* (1) An application for advance approval of rate treatment may be filed by a natural gas company for RD&D expenditures related to a project or group of projects undertaken by the company or as part of a project undertaken by others. When more than one company supports an RD&D organization, the RD&D organization may submit an application that covers the organization's RD&D program. Approval by the Commission of such an RD&D application and program will constitute approval of the individual companies' contributions to the RD&D organization.

(2) An application for advance approval of rate treatment must include a 5-year program plan and must be filed at least 180 days prior to the commencement of the 5-year period of the plan.

(3) A 5-year program plan must include at a minimum:

(i) A statement of the objectives for the 5-year period that relates the objectives to the interests of ratepayers, the public, and the industry and to the objectives of other major research organizations.

(ii) Budget, technical, and schedule information in sufficient detail to explain the work to be performed and allow an assessment of the probability of success and a comparison with other organizations' research plans.

(iii) The commencement date, expected termination date, and expected annual costs for individual RD&D projects to be initiated during the first year of the plan.

(iv) A discussion of the RD&D efforts and progress since the preparation of the program plan submitted the previous year and an explanation of any changes that have been made in objectives, priorities, or budgets since the plan of the previous year.

(v) A statement identifying all jurisdictional natural gas companies that will support the program and specifying the amounts of their budgeted support.

(vi) A statement identifying those persons involved in the development, review, and approval of the plan and specifying the amount of effort contributed and the degree of control exercised by each.

(c) Applications must describe the RD&D projects in such detail as to satisfy the Commission that the RD&D expenditures qualify as valid, justifiable, and reasonable.

(d) Within 120 days of the filing of an application for rate treatment approval and a 5-year program plan, the Commission will state its decision with respect to acceptance, partial acceptance, or rejection of the plan, or, when the complexity of issues in the plan so requires, will set a date certain by which a final decision will be made, or will order the matter set for hearing. Partial rejection of a plan by the Commission will be accompanied by a decision as to the partial level of acceptance which will be proportionally applied to all contributions listed for jurisdictional companies in the plan. Approval by the Commission of a 5-year plan constitutes approval for rate treatment of all projects identified as starting during the first year of the approved plan. Continued rate treatment will depend upon review and evaluation of subsequent annual applications and 5-year program plans.

#### **§ 154.402 ACA expenditures.**

(a) *Requirements.* Upon approval by the Commission, a natural gas pipeline company may adjust its rates, annually, to recover from its customers annual charges assessed by the Commission under part 382 of this chapter pursuant to an annual charge adjustment clause (ACA clause). The ACA clause must be filed with the Commission and indicate the amount of annual charges to be flowed through per unit of energy sold or transported (ACA unit charge). The ACA unit charge will be specified by the Commission at the time the Commission calculates the annual charge bills. A company must reflect the ACA unit charge in each of its rate schedules applicable to sales or transportation deliveries. The company must apply the ACA unit charge to the usage component of rate schedules with two-part rates. A company may recover annual charges through an ACA unit charge only if its rates do not otherwise reflect the costs of annual charges assessed by the Commission under § 382.106(a) of this chapter. The applicable annual charge, required by § 382.103 of this chapter, must be paid before the company applies the ACA unit charge.

(b) *Application for Rate Treatment Authorization.* A company seeking authorization to use an ACA unit charge must file with the Commission a separate ACA tariff sheet containing:

(1) A statement that the company is collecting an ACA per unit charge, as approved by the Commission, applicable to all the pipeline's sales and transportation schedules,

(2) The per unit charge of the ACA,

(3) The proposed effective date of the tariff change (30 days after the filing of the tariff sheet, unless a shorter period is specifically requested in a waiver petition and approved), and

(4) A statement that the pipeline will not recover any annual charges recorded in FERC Account 928 in a proceeding under subpart D of this part.

(c) Changes to the ACA unit charge must be filed annually, to reflect the annual charge unit rate authorized by the Commission each fiscal year.

#### **§ 154.403 Periodic rate adjustments.**

(a) This section applies to the passthrough, on a periodic basis, of a single cost item or revenue item for which passthrough is not regulated under another section of this subpart, and to revisions on a periodic basis of a gas reimbursement percentage.

(b) Where a pipeline recovers fuel use and unaccounted-for natural gas in kind, the fuel reimbursement percentage must be stated in the tariff either on the tariff sheet stating the currently effective rate or on a separate tariff sheet in such a way that it is clear what amount of natural gas must be tendered in kind for each service rendered.

(c) A natural gas company that passes through a cost or revenue item or adjusts its fuel reimbursement percentage under this section, must state within the general terms and conditions of its tariff, the methodology and timing of any adjustments. The following must be included in the general terms and conditions:

(1) A statement of the nature of the revenue or costs to be flowed through to the customer;

(2) A statement of the manner in which the cost or revenue will be collected or returned, whether through a surcharge, offset, or otherwise;

(3) A statement of which customers are recipients of the revenue credit and which rate schedules are subject to the cost or fuel reimbursement percentage;

(4) A statement of the frequency of the adjustment and the dates on which the adjustment will become effective;

(5) A step-by-step description of the manner in which the amount to be flowed through is calculated and a step-by-step description of the flowthrough mechanism, including how the costs are classified and allocated. Where the adjustment modifies a rate established under subpart D of this part, the methodology must be consistent with the methodology used in the proceeding under subpart D of this part;

(6) Where costs or revenue credits are accumulated over a past period for periodic recovery or return, the past period must be defined and the

mechanism for the recovery or return must be detailed on a step-by-step basis. Where the natural gas company proposes to use a surcharge to clear an account in which the difference between costs or revenues, recovered through rates, and actual costs and revenues accumulate, a statement must be included detailing, on a step-by-step basis, the mechanism for calculating the entries to the account and for passing through the account balance.

(7) Where carrying charges are computed, the calculations must be consistent with the methodology and reporting requirements set forth in § 154.501 using the carrying charge rate required by that section. A natural gas company must normalize all income tax timing differences which are the result of differences between the period in which expense or revenue enters into the determination of taxable income and the period in which the expense or revenue enters into the determination of pre-tax book income. Any balance upon which the natural gas company calculates carrying charges must be adjusted for any recorded deferred income taxes.

(8) Where the natural gas company discounts the rate component calculated pursuant to this section, explain on a step-by-step basis how the natural gas company will adjust for rate discounts in its methodology to reflect changes in costs under this section.

(9) If the costs passed through under a mechanism approved under this section are billed by an upstream natural gas company, explain how refunds received from upstream natural gas companies will be passed through to the natural gas company's customers, including the allocation and classification of such refunds;

(10) A step-by-step explanation of the methodology used to reflect changes in the fuel reimbursement percentage, including the allocation and classification of the fuel use and unaccounted-for natural gas. Where the adjustment modifies a fuel reimbursement percentage established under subpart D of this part, the methodology must be consistent with the methodology used in the proceeding under subpart D of this part;

(11) A statement of whether the difference between quantities actually used or lost and the quantities retained from the customers for fuel use and loss will be recovered or returned in a future surcharge. Include a step-by-step explanation of the methodology used to calculate such surcharge. Any period during which these differences accumulate must be defined.

(d) *Filing requirements.*

(1) Filings under this section must include:

(i) A summary statement showing the rate component added to each rate schedule with workpapers showing all mathematical calculations.

(ii) If the filing establishes a new fuel reimbursement percentage or surcharge, include computations for each fuel reimbursement or surcharge calculated, broken out by service, classification, area, zone, or other subcategory.

(iii) Workpapers showing the allocation of costs or revenue credits by rate schedule and step-by-step computations supporting the allocation, segregated into reservation and usage amounts, where appropriate.

(iv) Where the costs, revenues, rates, quantities, indices, load factors, percentages, or other numbers used in the calculations are publicly available, include references by source.

(v) Where a rate or quantity underlying the costs or revenue credits is supported by publicly available data (such as another natural gas company's tariff or EBB), the source must be referenced to allow the Commission and interested parties to review the source. If the rate or quantity does not match the rate or quantity from the source referenced, provide step-by-step instructions to tie the rate in the referenced source to the rate in the filing.

(vi) Where a number is derived from another number by applying a load factor, percentage, or other adjusting factor not referenced in paragraph (d)(1)(i) of this section, include workpapers and a narrative to explain the calculation of the adjusting factor.

(2) If the natural gas company is adjusting its rates to reflect changes in transportation and compression costs paid to others:

(i) The changes in transportation and compression costs must be based on the rate on file with the Commission. If the rate is not on file with the Commission or a discounted rate is paid, the rate reflected in the filing must be the rate the natural gas company is contractually obligated to pay;

(ii) The filing must include appropriate credits for capacity released under § 284.243 of this chapter with workpapers showing the quantity released, the revenues received from the release, the time period of the release, and the natural gas pipeline on which the release took place; and,

(iii) The filing must include a statement of the refunds received from each upstream natural gas company which are included in the rate adjustment. The statement must

conform to the requirements set forth in § 154.501.

(3) If the natural gas company is reflecting changes in its fuel reimbursement percentage, the filing must include:

(i) A summary statement of actual gas inflows and outflows for each month used to calculate the fuel reimbursement percentage or surcharge. For purposes of establishing the surcharge, the summary statement must be included for each month of the period over which the differences defined in paragraph (c) of this section accumulate.

(ii) Where the fuel reimbursement percentage is calculated based on estimated activity over a future period, the period must be defined and the estimates used in the calculation must be justified. If any of the estimates are publicly available, include a reference to the source.

(4) The natural gas company must not recover costs and is not obligated to return revenues which are applicable to the period pre-dating the effectiveness of the tariff language setting forth the periodic rate change mechanism, unless permitted or required to do so by the Commission.

## Subpart F—Refunds and Reports

### § 154.501 Refunds.

(a) *Refund obligation.* (1) Any natural gas company that collects rates or charges pursuant to this chapter must refund that portion of any increased rates or charges either found by the Commission not to be justified, or approved for refund by the Commission as part of a settlement, together with interest as required in paragraph (d) of this section. The refund plus interest must be distributed as specified in the Commission order requiring or approving the refund, or if no date is specified, within 60 days of the order. However, the pipeline is not required to make any refund until it has collected the refundable money through its rates.

(2) Any natural gas company must refund to its jurisdictional customers the jurisdictional portion of any refund it receives which is required by prior Commission order to be flowed through to its jurisdictional customers or represents the refund of an amount previously included in a filing under § 154.403 and charged and collected from jurisdictional customers within thirty days of receipt or other time period established by the Commission or as established in the pipeline's tariff.

(b) *Costs of Refunding.* Any natural gas company required to make refunds

pursuant to this section must bear all costs of such refunding.

(c) *Supplier Refunds.* The jurisdictional portion of supplier refunds (including interest received), applicable to periods in which a purchased gas adjustment clause was in effect, must be flowed through to the natural gas company's jurisdictional gas sales customers during that period with interest as computed in paragraph (d) of this section.

(d) *Interest on Refunds.* Interest on the refund balance must be computed from the date of collection from the customer until the date refunds are made as follows:

(1) At an average prime rate for each calendar quarter on all excessive rates or charges held (including all interest applicable to such rates and charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter must be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G, 13), for the fourth, third, and second months preceding the first month of the calendar quarter.

(2) The interest required to be paid under paragraph (d)(1) of this section must be compounded quarterly.

(3) The refund balance must be either:

(i) The revenues resulting from the collection of the portion of any increased rates or charges found by the Commission not to be justified; or

(ii) An amount agreed upon in a settlement approved by the Commission; or

(iii) The jurisdictional portion of a refund the natural gas company receives.

(e) Unless otherwise provided by the order, settlement or tariff provision requiring the refund, the natural gas company must file a report of refunds, within 30 days of the date the refund was made, which complies with § 154.502 and includes the following:

(1) Workpapers and a narrative sufficient to show how the refunds for jurisdictional services were calculated;

(2) Workpapers and a narrative sufficient to determine the origin of the refund, including step-by-step calculations showing the derivation of the refund amount described in paragraph (d)(3) of this section, if necessary;

(3) References to any publicly available sources which confirm the rates, quantities, or costs, which are used to calculate the refund balance or which confirm the refund amount itself. If the rate, quantity, cost or refund does

not directly tie to the source, a workpaper must be included to show the reconciliation between the rate, quantity, cost, or refund in the natural gas company's report and the corresponding rate, quantity, cost or refund in the source document;

(4) Workpapers showing the calculation of interest on a monthly basis, including how the carrying charges were compounded quarterly;

(5) Workpapers and a narrative explaining how the refund was allocated to each jurisdictional customer. Where the numbers used to support the allocation are publicly available, a reference to the source must be included. Where the allocation methodology has been approved previously, a reference to the order or tariff provision approving the allocation methodology must be included.

(6) A letter of transmittal containing:

(i) A list of the material enclosed;

(ii) The name and telephone number of a company official who can answer questions regarding the filing;

(iii) A statement of the date the refund was disbursed;

(iv) A reference to the authority by which the refund is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;

(v) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(7) A certification of service to all affected customers and interested state commissions.

(f) Each report filed under paragraph (e) of this section must be posted no later than the date of filing. Each report must be posted to all recipients of a share of the refund and all state commissions whose jurisdiction includes the location of any recipient of a refund share that have made a standing request for such full report.

(g) Recipients of refunds and state commissions that have not made a standing request for such full report shall receive an abbreviated report consisting of the items listed in § 154.501 (e)(5) and (e)(6).

#### § 154.502 Reports.

(a) When the natural gas company is required, either by a Commission order or as a part of a settlement in a proceeding initiated under this part 154 or part 284 of this chapter, to make a

report on a periodic basis, details about the nature and contents of the report must be provided in an appropriate section of the general terms and conditions of its tariff.

(b) The details in the general terms and conditions of the tariff must include the frequency and timing of the report. Explain whether the report is filed annually, semi-annually, monthly, or is triggered by an event. If triggered by an event, explain how soon after the event the report must be filed. If the report is periodic, state the dates on which the report must be filed.

(c) Each report must include:

(1) A letter of transmittal containing:

(i) A list of the material enclosed;

(ii) The name and telephone number of a company official who can answer questions regarding the filing;

(iii) A reference to the authority by which the report is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;

(iv) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(2) A certification of service to all affected customers and interested state commissions.

(d) Each report filed under paragraph (b) of this section must be posted no later than the date of filing.

#### Subpart G—Other Tariff Changes

##### § 154.600 Compliance with other subparts.

Any proposal to implement a tariff change other than in rate level must comply with subparts A, B, and C of this part.

##### § 154.601 Change in executed service agreement.

Agreements intended to effect a change or revision of an executed service agreement on file with the Commission must be in the form of a superseding executed service agreement only. Service agreements may not contain any supplements, but may contain exhibits which may be separately superseded. The exhibits may show, among other things, contract demand delivery points, delivery pressures, names of industrial customers of the distributor-customer, or names of distributors (with one distributor named as agent where delivery to several distributors is effected at the same delivery points).

**§ 154.602 Cancellation or termination of a tariff, executed service agreement or part thereof.**

When an effective tariff, contract, or part thereof on file with the Commission, is proposed to be canceled or is to terminate by its own terms and no new tariff, executed service agreement, or part thereof, is to be filed in its place, the natural gas company must notify the Commission of the proposed cancellation or termination on the form indicated in § 250.2 or § 250.3 of this chapter, whichever is applicable, at least 30 days prior to the proposed effective date of such cancellation or termination. With such notice, the company must submit a statement showing the reasons for the cancellation or termination, a list of the affected customers and the contract demand provided to the customers under the service to be canceled. A copy of the notice must be duly posted.

**§ 154.603 Adoption of the tariff by a successor.**

Whenever the tariff or contracts of a natural gas company on file with the Commission are to be adopted by another company or person as a result of an acquisition, or merger, authorized by a certificate of public convenience and necessity, or for any other reason, the succeeding company must file with the Commission, and post within 30 days after such succession, a certificate of adoption on the form prescribed in

§ 250.4 of this chapter. Within 90 days after such notice is filed, the succeeding company must file a revised tariff with the sheets bearing the name of the successor company.

**Note:** These appendices will not be published in the Code of Federal Regulations.

**APPENDIX A**

Prior regulation	Revised regulation
§ 154.1 .....	§ 154.1,
§ 154.11 .....	§ 154.4.
§ 154.12 .....	§ 154.2(e).
§ 154.13 .....	§ 154.2(a).
§ 154.14 .....	§ 154.2(c).
§ 154.15 .....	§ 154.2(b).
§ 154.16 .....	§ 154.2(f).
§ 154.21 .....	§ 154.2(d).
§ 154.22 .....	§ 154.3.
§ 154.23 .....	§ 154.1(c),
§ 154.24 .....	§ 154.207.
§ 154.25 .....	§ 154.6.
§ 154.26 .....	§ 154.6.
§ 154.27 .....	§ 154.8.
§ 154.28 .....	§ 154.4.
§ 154.31 .....	§ 154.210.
§ 154.32 .....	§ 154.209.
§ 154.33 .....	Removed.
§ 154.34 .....	§ 154.101.
§ 154.35 .....	§ 154.102.
§ 154.36 .....	§ 154.103.
§ 154.37 .....	§ 154.104.
§ 154.38(d)(1) .....	§ 154.105.
§ 154.38(d)(2) .....	§ 154.106.
§ 154.38(d)(3) .....	§ 154.107.
§ 154.38(d)(4) .....	§ 154.3.
	§ 154.501.

**APPENDIX B**

Commenters to Docket No. RM95-3-000

American Forest and Paper Association .....	American Forest.
American Gas Association .....	AGA.
American Public Gas Association .....	APGA.
ANR Pipeline/Colorado Interstate Gas Co .....	ANR/CIG.
Application Solutions & Technologies Inc .....	ASTI.
Arizona Direct Customers (Arizona Public Service Co./Phelps Dodge Corp./Salt River Agric. Improvement and Power District).	Arizona Directs.
Associated Gas Distributors .....	AGD.
Association of Texas Intrastate Natural Gas Pipelines .....	Texas Intrastates.
Brooklyn Union Gas .....	Brooklyn Union.
Cascade Natural Gas Corp/Northwest Natural Gas Corp/Washington Natural Gas Co./Washington Water Power Co./Northwest Industrial Gas Users.	Pacific Northwest Commenters.
Chevron, U.S.A .....	Chevron.
CINergy Corp (Cincinnati Gas & Electric/The Union Light, Heat and Power Company/Lawrenceburg Gas Company).	CINergy.
CNG Transmission Corp .....	CNG.
Columbia Gas Distribution Companies .....	Columbia Distribution.
Columbia Gas Transmission/Columbia Gulf Transmission .....	Columbia.
Consumers Power Co./Michigan Gas Storage Co .....	Consumers Power.
Electronic Bulletin Board Working Group .....	EBB Working Group.
El Paso Natural Gas Co .....	El Paso.
Enogex Inc .....	Enogex.
Enron Interstate Pipelines (Northern Natural Gas Co./Transwestern Pipeline Co./Florida Gas Trans. Co./Black Marlin Pipeline Co.).	Enron.
Equitable Gas Storage .....	Equitable.
Foothills Pipe Lines, Ltd./Alaskan Northwest Natural Gas Transportation Company .....	Foothills.
Freeport Interstate Pipeline Co .....	Freeport.
Gaslantic Corp .....	Gaslantic.
Great Lakes Gas Transmission Limited Partnership .....	Great Lakes.
Independent Petroleum Association of America .....	IPAA.

**APPENDIX A—Continued**

Prior regulation	Revised regulation
§ 154.38(d)(5) .....	§ 154.401.
§ 154.38(d)(6) .....	§ 154.402.
§ 154.38(e) .....	Deleted.
§ 154.38 .....	§ 154.108.
§ 154.39 .....	§ 154.109.
§ 154.40 .....	§ 154.110.
§ 154.41 .....	§ 154.111.
§ 154.42 .....	Removed.
§ 154.51 .....	§ 154.207.
§ 154.52 .....	§ 154.112.
§ 154.61 .....	Removed.
§ 154.62 .....	§ 154.202.
§ 154.63(b)(1) .....	§ 154.7.
§ 154.63(b)(1)(v) .....	§ 154.201(a).
§ 154.63(c)(1) .....	§ 154.302.
§ 154.63(c)(2) .....	§ 154.302.
§ 154.63(c)(3) .....	§ 154.314.
§ 154.63(d)(2) .....	§ 154.601.
§ 154.63(e)(1) .....	§ 154.301(c).
§ 154.63(e)(2)(i) .....	§ 154.303.
§ 154.63(e)(2)(ii) .....	§ 154.303.
§ 154.63(e)(3) .....	§ 154.307.
§ 154.63(e)(4) .....	§ 154.304,
	§ 154.201(b)(3)
§ 154.63(e)(5) .....	§ 154.308.
§ 154.63(f) .....	§ 154.312.
§ 154.63a .....	§ 154.305.
§ 154.63b .....	§ 154.306.
§ 154.64 .....	§ 154.602.
§ 154.65 .....	§ 154.603.
§ 154.66 .....	§ 154.205.
§ 154.67 .....	§ 154.206.
§ 154.67(b) .....	Deleted.
§ 154.67(c) .....	§ 154.501.

New sections of part 154: 203, 204, 208, 301, 309, 310, 311, 313, 314, 403, 502.

## APPENDIX B—Continued

Commenters to Docket No. RM95-3-000

Interstate Natural Gas Association of America .....	INGAA.
JMC Power Projects .....	JMC.
KN Interstate Gas Transmission .....	KN.
KN Energy .....	KN.
Kern River Gas Transmission Company .....	Kern River.
LDC Caucus .....	LDC Caucus.
Michigan Public Service Commission/State of Michigan .....	Michigan.
MidCon Corp., Natural Gas Pipeline Corp, MidCon Gas Services Corp .....	MidCon.
Mississippi River Transmission Co .....	MRT.
NorAM Gas Transmission Co .....	NGT.
Missouri Public Service Commission .....	MoPSC.
National Fuel Gas Supply Corp .....	National Fuel.
National Registry of Capacity Rights .....	Registry.
Natural Gas Supply Association .....	NGSA.
Northern Border Pipeline Company .....	Northern Border.
Northern Distributor Group .....	NDG.
Northwest Pipeline Corp/Williams Natural Gas Co .....	Williams.
Panhandle Eastern Pipeline/Trunkline Gas Company/Texas Eastern Transmission/Algonquin Gas Transmission.	Panhandle.
Pacific Gas and Electric Company .....	PG&E.
Process Gas Consumers Group/American Iron & Steel Inst. Georgia Industrial Group .....	Industrials.
Producer-Marketer Transportation Group .....	PMTG.
Public Service Commission of Nevada .....	Nevada.
Public Service Commission of the State of New York .....	New York.
Southern California Gas Company .....	SoCal.
Tennessee Gas Pipeline/Midwestern Gas Transmission/East Tennessee Natural Gas .....	Tennessee.
Texas Gas Transmission Corp .....	Texas Gas.
TransCanada Pipelines Ltd .....	TransCanada.
Transcontinental Gas Pipeline Corp .....	Transco.
Transok, Inc. ....	Transok.
United Distribution Companies .....	UDC.
United States Department of Energy .....	USDOE.
M.H. Whittier Corp .....	Whittier.
Williston Basin Interstate Pipeline Company .....	Williston.
Williams Natural Gas Co .....	Williams.

## Appendix C—Tariff Filing Formats

## Explanation of Changes

## Background

On June 8, 1989, we issued the "Notice of availability of record formats and hard copy filing formats for certificate and tariff filings" in Docket No. RM87-17-000. On August 31, 1989, we issued a revision entitled "Notice of availability of print software and corrected formats for rate, tariff, and certificate filings". On February 28, 1990, we issued the "Notice of Tariff Retrieval System Software Availability," otherwise referred to as the FASTR software package.

The following document includes updated electronic tariff filing formats as well as the revised tariff pagination guidelines that was mailed to most gas pipeline companies on May 13, 1992, modified only for readability. The revised formats take into consideration improvements in the FASTR software which reads the tariff ASCII files submitted by the companies to the Commission. Companies are strongly encouraged to use the FASTR software to (1) maintain their own tariff database, (2) generate the paper copies of the tariff sheets submitted with filings, and (3) pre-check the electronic tariff filings for errors prior to submittal.

## Summary of Changes

- References to the requirement that all companies must restate their tariffs electronically with the filing of a rate case or

restatement of base rates after October 31, 1989, has been removed. All companies who have not yet restated their paper tariffs electronically must do so on or before 120 days after the date of issuance of a final rule in Docket No. RM95-3-000;

- Electronic filings must be submitted on diskette, preferably a 3.5" High Density diskette. The Commission will no longer accept tariff sheets filed on 9-track tape or 18-track cartridge. This modification will not be burdensome since it is very rare for the Commission to receive tariff sheets now on anything but diskette;

- Standard Form 277 is no longer required (Transmittal Form for Describing Computer Magnetic Tape File Properties) since we are requiring all tariff sheets to be filed on diskette;

- The Company Header Record (TF01) and Tariff Volume Header Record (TF02) should be included only once per filing, dataset, and tariff volume.

- The Superseded Sheet Header Record, (TF04) can be omitted with "Original" sheets. The Issuing Officer Header Record, (TF05) and The Date and Docket Header Record, (TF06) are required only with the first sheet, unless this information changes on a subsequent sheet in the dataset. Previously this information was required for every sheet. Companies may still report these records with every sheet if complying with this new requirement necessitates a change to the company's data-entry software. The

intent of this change was to reduce the burden on those companies who must key in the information required in these records for each sheet.

- Exhibit A, Magnetic Tape Procedures is removed since we no longer accept tariff sheets on magnetic tape. Diskette Filing Procedures are moved from Exhibit B to Exhibit A.

- Tariff Sheet Pagination Guidelines are moved to Exhibit B from Exhibit C. Examples demonstrating the tariff sheet pagination guidelines are added to assist companies applying the guidelines.

- Certain editorial changes have been made for clarity.

## Natural Gas Pipeline Company Tariff Filings

## Revised

Docket No. RM

This Document Replaces the Tariff Filing Record Formats Issued August 31, 1989

## General Information

## I. Purpose

All companies which maintain a gas tariff with the Federal Energy Regulatory Commission (FERC) are required to submit, along with the paper copies, an electronic version of all tariff filings pursuant to section 385.2011 of the Commission's regulations. Companies are required to have an electronic version of their entire gas tariff (excluding Volume No. 2 contractual rate schedules) on

file with FERC on or before 120 days after the issuance of a final rule in Docket No. RM95-3-000. This form does not modify the existing tariff sheet format required in section 154.102 or section 385.2003 for tariff sheets filed on paper. Nor does it modify the requirement in section 154.201(a) to file a marked paper version of the pages to be changed by showing additions and deletions using highlighting, background shading, bold text, or underlined text.

## II. Who Must File

All companies who are required to maintain a FERC Gas Tariff on file with the FERC.

## III. What To Submit

All proposed revisions to the FERC Gas Tariff will be submitted in conformance with this form. Such proposed revisions include, but are not limited to, rate changes pursuant to a Section 4 filing or changes in service pursuant to a certificate issued as a result of a section 7 proceeding. Upon request of the Secretary of the FERC, companies must submit such additional supporting and clarifying data and information as may be specified.

All data will be submitted on diskette(s), preferably 3.5" High Density diskettes, and must conform to the specific instructions provided in Exhibit A. The diskette(s) must be accompanied by paper copies of the information submitted on the diskette. The paper copies must conform in all respects to the requirements of sections 154 and 157 and will consist of the required number of copies of the transmittal letter, the tariff sheets, the certification of service, and a form of notice suitable for publication in the **Federal Register**.

The letter of transmittal and the certification of service will be submitted on paper only. The letter of transmittal must include the subscription provided in section 385.2005(a). The subscription provided must state, in addition to the requirement in section 385.2005(a), that the paper copies contain the same information as the diskette(s) and that the signer has read and knows the contents of the paper copies and that the contents as stated in the paper copies are true to the best knowledge and belief of the signer.

Respondents claiming that information is privileged must file in accordance with section 385.1112; otherwise, all data submitted will be considered non-privileged and will be made available to the public upon request.

## IV. When To Submit

The tariff sheets should be filed with the Commission at the time the company proposes a change in service or rate. The notice period should be consistent with the Commission's regulations.

## V. Where To Submit

(1) Submit this report to: Office of the Secretary, Federal Energy Regulatory Commission, Room 3110, 825 N. Capitol Street, NE., Washington, DC 20426.

(2) Hand deliveries may be made to the same address.

## General Instructions

(1) Schedule TF. Records TF01 through TF06 and the text line records are intended to capture all of the tariff elements which the pipeline has historically filed as part of its FERC Gas Tariff. Record TF01 identifies the company and the filing date. Record TF02

captures information about the tariff volume; and Records TF03, TF04, TF05, and TF06 contain requisite marginal information for an individual tariff sheet. The actual tariff sheet text will follow Record TF06.

Each tariff sheet should be identified by the nature of the sheet, and assigned the appropriate "Text ID" from among those listed in the layout for Record TF03. For example, a tariff sheet which includes the table of contents must be assigned Text ID = "1". The text of a tariff sheet should include any footnotes applicable to the individual tariff sheet. When filing the tariff sheet on paper, footnotes should appear inside the ruled borders required by section 154.101.

All of the marginal information required under 18 CFR 154.102(d) is to be included only in the tariff sheet header records. These header records will be utilized to print a hard copy with the appropriate marginal information.

If a tariff sheet is filed to be read vertically in hard copy, this is referred to hereinafter as "Portrait" orientation. If the sheet will be read horizontally, the orientation is referred to as "Landscape". The requirements of section 154.102(d) imply that the length of a line of actual text is 6.75 inches in Portrait orientation, and 10.0 inches in Landscape. The pitch, the number of print characters per horizontal inch (cpi); the number of lines per vertical inch (lpi); and the page orientation for printing the tariff sheet must be given in the first Tariff Sheet Header Record, (Record TF03). The number of characters per horizontal inch (cpi) must not exceed 17. The acceptable lines per vertical inch are 6 or 8. The maximum line length and lines per page for Portrait and Landscape orientation are as follows:

Page orientation	Maximum line length (characters)				Maximum lines per page	
	10cpi	12cpi	15cpi	17cpi	6lpi	8lpi
Vertical (Portrait) .....	65	79	98	112	50	70
Horizontal (Landscape) .....	98	118	148	168	31	44

(2) Record Types. Records must be filed in the following order:

*Company Header Record (TF01):* One record per dataset.

*Volume Header Record (TF02):* One record per volume. All pages for the same volume will be grouped together. If more than one dataset is required for the filing of a volume, this record must appear in each dataset. Note: When more than one dataset is needed to accommodate a filing, name the datasets in accordance with the instructions in Exhibit A.

**Note:** The appropriate tariff sheet header records must precede each tariff sheet!

*Sheet Header Record (TF03):* One record per sheet.

*Superseded Sheet Header Record (TF04):* This record pertains to the superseded sheet information. One record per sheet unless there is no superseded sheet (e.g., Original and Substitute Original sheets). In that case, this record may be omitted.

*Issuing Officer Header Record (TF05):* One record per filing, unless the filing contains

sheets that reference more than one issuing officer or the tariff sheets are submitted in more than one dataset. Optionally, this record may precede every tariff sheet filed.

*Date and Docket Header Record (TF06):* One record per filing, unless the effective date or other information in this record changes from sheet to sheet or the tariff sheets are submitted in more than one dataset. Optionally, this record may precede every tariff sheet filed.

*Text Line Records:* The actual tariff sheet text. Note: any special codes placed in the text (such as bold, italic, underline, etc.) are removed when converting to ASCII format.

(3) Numeric Fields. All numeric fields in Records TF01 through TF06 must not be left blank, and must be right justified unless indicated otherwise. The following conventions should be followed in preparing each header record in the filing:

(A) If a numeric data item is not applicable to the respondent, enter the numeric value "0" in the field provided for this data item.

(B) Do not include commas in reporting any numeric value.

(C) Report all dates as six digit numerics (month, day, year, MMDDYY).

(4) Pipeline Company ID. Use the code for the pipeline as contained in the Buyer Seller Code List, U.S. Department of Energy's publication DOE/EIA-0176. A code may be obtained by calling EIA at (202) 586-8841.

(5) Record Lengths. Do not pad the end of data records with blanks.

## Specific Instructions

(1) Effective Date. The date, given as month, day, and year, on which the respondent expects the filing to be put into effect subject to the concurrence of the FERC.

(2) Tariff Volume Number. The number of the volume to which the tariff sheets belong. For example, if the volume is labeled "First Revised Volume No. 1", report a "1" in this field.

(3) Tariff Volume Revision Number. Report the number of the revision. For example, if the tariff volume is labelled "Second Revised

Volume No. 1", report a "2" in this field. If the tariff volume is an original volume, report a zero in this field.

(4) Tariff Volume ID. Report the full tariff volume name in this field. For example, if the volume is labelled "First Revised Volume No. 1", report "First Revised Volume No. 1" in this field.

(5) Sheet Number. Report the number of the tariff sheet being filed. For example, if the sheet is numbered "First Revised Sheet No. 3 superseding Original Sheet No. 3", report a "3" in this field.

(6) Sheet Revision Number. Report the number of the revision. For example, if the tariff sheet is numbered "Second Substitute Third Revised Sheet No. 4 superseding Second Revised Sheet No. 4", report a "3" in this field. If this is an original tariff sheet, report a "0" in this field.

(7) Sheet ID. Report the full designation for the tariff sheet being reported. For example, if the sheet is designated "First Revised Sheet No. 3 superseding Original Sheet No. 3", report "First Revised Sheet No. 3" in this field. If the Sheet ID exceeds the allowed 40

character positions for this item, use the "Abbreviation Conventions List" at Exhibit C.

(8) Superseded Sheet ID. Report the full designation for the tariff sheet being superseded. For example, if the tariff sheet being filed is designated "First Revised Sheet No. 3 superseding Original Sheet No. 3", report "Original Sheet No. 3" in this field. If the Superseded Sheet ID exceeds the allowed 40 character positions for this item, use the "Abbreviation Conventions List" at Exhibit C.

(9) First Superseded Sheet Number. When a single sheet supersedes a range of sheets (such as canceling a rate schedule or reserving sheets for future use), report the number of the first sheet in the range. Otherwise this field may be left blank.

(10) Last Superseded Sheet Number. When a single sheet supersedes a range of sheets (such as canceling a rate schedule or reserving sheets for future use), report the number of the last sheet in the range. Otherwise this field may be left blank.

(11) Alternate Sheet ID. When filing primary and alternative tariff sheets, the sheets are uniquely identified by reporting "00" in this field for the primary sheet, "01" for the first alternate, "02" for the second alternate, and so on.

(12) Issuing Officer. Report the name and title of the person authorized to issue the tariff sheet.

(13) Issue Date. The date given as month, day, and year when the tariff sheet is issued.

(14) Order Reference. For tariff sheets which are filed to make rate schedules or provisions ordered by the Commission effective, report the Docket Number and the date of such order. (If more than one docket applies, report the lead docket relating to the filing company in the proceeding.)

(15) FERC Cite. Enter the numbers of the cite to the FERC Reports in this field as follows: For a citation which appears as 12 FERC ¶ 34,567, enter all of the numbers but none of the letters, symbols, or commas. It will appear as 1234567.

## ELECTRONIC TARIFF FILE LAYOUT—SCHEDULE TF

Item	Character position	Data type	Comments
<b>(1) Company Header Record</b>			
Schedule ID .....	1-2	Character .....	Sch = TF.
Record ID .....	3-4	Numeric .....	Code—01.
Company ID .....	5-10	Numeric .....	Company code from buyer/seller code list, see general instruction 4.
Date Submitted .....	11-16	Numeric .....	Month, day and year report is filed (mmddyy).
Company Name .....	17-65	Character .....	Name of filing company.
<b>(2) Volume Header Record</b>			
Schedule ID .....	1-2	Character .....	Sch = TF.
Record ID .....	3-4	Numeric .....	Code = 02.
Tariff Volume Number .....	5-8	Character .....	See specific instruction 2.
Tariff Volume Revision Number .....	9-11	Numeric .....	See specific instruction 3.
Tariff Volume ID .....	12-51	Character .....	See specific instruction 4.
<b>(3) Sheet Header Record</b>			
Schedule ID .....	1-2	Character .....	Sch = TF.
Record ID .....	3-4	Numeric .....	Code = 03.
Sheet Number .....	5-12	Character .....	See specific instruction 5.
Sheet Revision Number .....	13-15	Numeric .....	See specific instruction 6.
Alternate Sheet ID .....	16-17	Numeric .....	See specific instruction 11.
Text ID .....	18-19	Numeric .....	0 = Title Page. 1 = Table of Contents. 2 = Preliminary Statement. 3 = Rate Sheets. 4 = Rate Schedule Text. 5 = General Terms and Conditions. 6 = Form of Service Agreements. 7 = Index of Customers. 8 = Other Indices. 9 = Other Tariff Sheets. 10 = Sheets Reserved for Future Use.
Orientation .....	20	Character .....	P = Portrait. L = Landscape.
Pitch .....	21-22	Numeric .....	Characters per Horizontal Inch = 10, 12, 15, or 17.
Lines Per Inch .....	23	Numeric .....	Lines per Vertical Inch = 6 or 8.
Sheet ID .....	24-63	Character .....	See specific instruction 7.

## ELECTRONIC TARIFF FILE LAYOUT—SCHEDULE TF—Continued

Item	Character position	Data type	Comments
<b>(4) Superseded Sheet Header Record</b>			
Schedule ID .....	1–2	Character .....	Sch = TF.
Record ID .....	3–4	Numeric .....	Code = 04.
First Superseded Sheet Number .....	5–12	Character .....	See specific instruction 9.
Last Superseded Sheet Number .....	13–20	Character .....	See specific instruction 10.
Superseded Sheet ID .....	21–60	Character .....	See specific instruction 8.
<b>(5) Issuing Officer Header Record</b>			
Schedule ID .....	1–2	Character .....	Sch = TF.
Record ID .....	3–4	Numeric .....	Code = 05.
Issued By .....	5–58	Character .....	Name and title of issuing official; see specific instruction 12.
<b>(6) Date and Docket Header Record</b>			
Schedule ID .....	1–2	Character .....	Sch = TF.
Record ID .....	3–4	Numeric .....	Code = 06.
Date Issued .....	5–10	Numeric .....	(mmddyy); see specific instruction 13.
Order Date .....	11–16	Numeric .....	(mmddyy); see specific instruction 14.
Docket Number .....	17–36	Character .....	See specific instruction 14.
Effective Date .....	37–42	Numeric .....	(mmddyy); see specific instruction 1.
<b>(7) FERC Cite</b>			
Schedule ID .....	1–2	Character .....	Sch = TF.
Record ID .....	3–4	Numeric .....	Code = 07.
FERC Cite .....	43–49	Numeric .....	See specific instruction 15.
<b>(8) Sheet Text Line Records</b>			
Each entire record consists of the text of the corresponding line of the tariff sheet, without prefix of any kind.			

**Exhibit A—Diskette Filing Procedures**

Diskette(s) containing the information specified for each record ID of the tariff filing filed with the FERC must conform with the following requirements:

(1) The character code for representing all data should be the American National Standard Code for Information Interchange (ASCII) as defined in FIPS PUB 1–2. An exception will be made for the cents (¢) symbol, which should be coded as hexadecimal 8B, or decimal 155, as defined in the IBM-US (PC-8) symbol set. Note that there are symbol sets which define it differently.

(2) The definitions, instructions, and schedule ID/record ID data layouts for this form specify explicitly the data items to be reported and the sequence for recording the information on the diskette(s). The information required for a tariff filing should be recorded on the diskette(s) exactly as specified in the data layout for each schedule/record and in accordance with the general instructions.

(3) All tariff sheets filed under a given docket number should all be included in the same “file” or data set, if possible. (Large files may be split as a matter of convenience or diskette size limitation). The file should be named: “TFMMDDYY.ASC” where “TF” stands for “Tariff Filing”, and “MMDDYY” is

the two digit month, day, and year the tariff filing is submitted. If more than one tariff filing is made on the same day, the subsequent filings should be given file names “TFMMDDYY.BSC”, “TFMMDDYY.CSC”, etc., where “BSC” indicates the second filing of the day, “CSC” the third filing, etc. The file name for each submission should be included in the transmittal letter accompanying the respondent’s filing.

(4) Each logical record must be terminated by a CR (ASCII carriage return—13 decimal, OD hexadecimal). An ASCII line feed (LF) following a CR is accepted but not required as part of termination. Do Not pad the end of data records with spaces.

(5) Do not omit any numeric item. Numeric items do not require leading zeros unless specifically noted in the description of the data item. See the General Instructions of this form for detailed instructions for recording numeric data on the diskette(s).

(6) When refileing a diskette only to correct an electronic data error on the electronic version of a tariff sheet and not in the paper version, use the same file name, pagination and submittal date.

(7) Each diskette must state on the label that tariff sheets are enclosed. If more than one diskette is necessary to accommodate a filing, the diskettes should be numbered 1 of

N, 2 of N, etc., where N is the total number of diskettes.

**Exhibit B—Tariff Sheet Pagination Guidelines**

Section 154.102(d)(2) of the Commission’s regulations requires companies to number their tariff sheets as provided below.

(1) Original Sheets. Paginate a sheet as “Original Sheet No. \_\_\_\_\_” when the sheet number has not been used previously in the tariff volume. When filing an entire original or revised tariff volume, all sheets should be paginated as “Original Sheet No. \_\_\_\_\_” unless the sheet falls within the exception under Guideline (11).

(2) Revised Sheets. Designate a sheet as “Revised” if it is (a) filed in a different proceeding than the sheet it is superseding or (b) filed in the same proceeding but given a new proposed effective date. Each subsequent “Revised” pagination should be numbered sequentially. (See Examples 1 and 2.)

(3) Substitute Sheets. Designate a sheet as “Substitute \_\_\_\_\_ Revised Sheet No. \_\_\_\_\_” if it is filed to replace a sheet filed in the same proceeding with the same effective date. If a substitute sheet needs to be replaced, paginate the new sheet as “Second Substitute,” and so on. (See Example 1.)

(4) Superseded Sheets. Designate as the superseded sheet the most recent sheet filed in a different proceeding effective or proposed to be effective on the same day or on a day prior to the new sheet. This means when filing a substitute sheet the designated superseded sheet stays the same. Provided that the sheet does not fall under the exception in guideline (9). Never designate a rejected or suspended sheet as the superseded sheet. However, if a sheet designated as superseded is subsequently rejected, it is not necessary to refile solely to correct the superseded sheet designation. (See Example 1.)

(5) Rejected Sheets. If a sheet is rejected by order of the Commission, do not reuse the pagination of the rejected sheets. Designate a sheet "Substitute" if it is filed to replace a rejected sheet in the same proceeding, but do not designate a rejected sheet as the superseded sheet. Refer to Guidelines (3) and (4).

(6) Alternate Sheets. When filing two versions of a proposed tariff sheet, designate the sheets "\_\_\_\_ Revised Sheet No. \_\_\_\_" and "Alternate \_\_\_\_ Revised Sheet No. \_\_\_\_." Paginate a replacement alternate sheet "Sub Alternate."

(7) Inserted Sheets. Designate sheets inserted between two consecutively numbered sheets using an uppercase letter following the first sheet number (e.g., sheets inserted between sheets 8 and 9 would be 8A, 8B, etc.). For sheets inserted between two consecutively lettered sheets, add a "." followed by a two digit number (e.g., sheets inserted between sheets 8A and 8B would be 8A.01 through 8A.99). For further insertions,

add a lowercase letter (e.g., between sheets 8A.01 and 8A.02 would be 8A.01a, 8A.01b, etc.).

(8) Pre-dated Sheets. When a sheet is filed with a proposed effective date which pre-dates the effective date of a suspended or effective sheet with the same number filed in a different proceeding, designate the new sheet "\_\_\_\_ Rev \_\_\_\_ Revised Sheet No. \_\_\_\_" where the second and third blanks are numbered the same as the sheet with the later effective date and the first blank contains "1st," "2nd," etc. Commonly, this situation occurs when a sheet is suspended for five months and subsequent sheets need to be made effective prior to the date the suspended sheet becomes effective. (See Example 3.) Note: When using the "1st Rev" pagination, drop extraneous words if the superseded sheet provides the same information. (See Example 4.)

(9) Retroactive Sheets. When filing a retroactive change back to a certain date, all sheets which are or were in effect from that date forward need to be changed. The first sheet should be designated either as "Substitute" in accordance with Guideline (3) above or "\_\_\_\_ Rev" in accordance with Guideline (8), depending on whether the retroactive filing is in the same docket as or a different docket from the sheet being replaced. The rest of the sheets should be designated as a "Substitute" of each sheet already on file. For the first new sheet in the series of sheets, the superseded sheet shall be designated in accordance with Guideline (4) above. However, the remainder of the sheets in the series should supersede each other in order, even though they are all filed in the

same docket. In this way, the "superseded" designation will reflect the last sheet in effect on each given effective date. (See Examples 5 and 6.)

(10) Canceled Sheets. When filing to cancel a rate schedule, file one sheet with a new revision number and the sheet number of the first canceled sheet. Designate as superseded "Sheet Nos. \_\_\_\_-\_\_\_\_" where the blanks refer to the first and last canceled sheet numbers in a series. The specific pagination of each individual canceled sheet should be included in the body of the tariff sheet. When using the formerly canceled sheet numbers, refer to the pagination of the sheets listed in the body of the canceling sheet, and paginate each sheet with the next higher revision number. See Example 8.

(11) Sheets Reserved For Future Use. When reserving a number of sheets for future use, file one sheet paginated "Sheet Nos. \_\_\_\_-\_\_\_\_", where the blanks refer to

the first and last reserved sheet numbers in series. In the body of the sheet state "Reserved for Future Use." (See Example 9.) Note: in the electronic tariff sheet records, report the first sheet number in the series in the "Sheet No." field and the full pagination in the "Sheet ID" field.

(12) Abbreviations. *Pagination cannot exceed 40 characters.* Abbreviate from left to right using the Abbreviation Conventions List in Exhibit C. *Abbreviate only as needed* to reduce the pagination to 40 characters or less. (See Example 7.) Electronic and paper versions of a tariff sheet must be paginated exactly alike, including abbreviations.

#### Example 1

"Original Sheet No. 4" is filed in Docket No. CP94-44-000 to be effective January 1, 1994. Subsequently, a sheet filed in Docket RP94-1-000 is to be effective February 1, 1994. Paginate that sheet "First Revised Sheet No. 4 superseding Original Sheet No. 4." A mistake is discovered and a corrected sheet needs to be filed in Docket No. RP94-1-001. Paginate that sheet "Substitute First Revised Sheet No. 4 superseding Original Sheet No. 4." Note the superseded sheet is from the prior proceeding.

Docket	Filed	Effective	Pagination	Superseded sheet
CP94-44-000 .....	11/30/93	1/1/94	Original .....	Original. Original.
RP94-1-000 .....	12/31/93	2/1/94	First Revised .....	
RP94-1-001 .....	2/15/94	2/1/94	Sub First Revised .....	

#### Example 2

"Second Revised Sheet No. 4" is filed in Docket No. TM94-1-77-000 to be effective April 1, 1994. Subsequently, a sheet is filed in Docket No. RS94-1-50-000 to be effective on the same date. Paginate that sheet with the next revision number, "Third Revised Sheet No. 4" even though it is to be effective on the same date.

Docket	Filed	Effective	Pagination	Superseded sheet
TM94-1-77-000 .....	2/28/94	4/1/94	Second Revised .....	Sub First Revised.
RS94-1-50-000 .....	3/31/94	4/1/94	Third Revised .....	Second Revised.

#### Example No. 3

"Fourth Revised Sheet No. 4" is filed July 31, 1994, in Docket No. RP94-134-000 to be effective September 1, 1994. An order suspends this sheet until February 1, 1995. Subsequently two filings are to be made effective prior to February 1, 1995. Paginate these sheets as "1st Rev Third Revised Sheet No. 4" and "2nd Rev Third Revised Sheet No. 4." When filing to move the suspended tariff sheet into effect, paginate the revised tariff sheet as "Sub Fourth Revised Sheet No. 4". Note: using the alpha-numeric "1st, 2nd" for the additional revision number assists in keeping the pagination clear.

Docket	Filed	Effective	Pagination	Superseded sheet
RP94-134-000 .....	7/31/94	2/1/95	Fourth Revised .....	Third Revised.
TM94-2-77-000 .....	8/31/94	10/1/94	1st Rev Third Revised .....	Third Revised.
TM94-3-77-000 .....	10/31/94	11/1/94	2nd Rev Third .....	1st Rev Third.
RP94-134-001 .....	1/31/95	2/1/95	Sub Fourth Revised .....	2nd Rev Third.

**Example 4**

When needing to insert a sheet between “Third Revised” and “Sub Alt Second Revised” with the designation 1st Rev Sub Alt Second Revised, paginate the new sheet “1st Rev Second Revised” (dropping “Sub Alt” from the name), and designate the superseded sheet “Sub Alt Second Revised.” In the alternative, the abbreviations in Exhibit C may be used.

**Example No. 5**

The sheet given in Example No. 1, “Sub First Revised Sheet No. 4” filed in Docket No. RP94-1-001 is in effect February 1, 1994, subject to the resolution of issues. A year later, settlement is reached resulting in a restatement of base rates back to that date. The revised sheets filed under Docket No. RP94-1-002 (using prior examples):

Docket	Filed	Effective	Pagination	Superseded sheet
RP94-1-002 .....	4/15/95	2/1/94 4/1/94 4/1/94 10/1/94 11/1/94 2/1/95	2nd Sub First Revised .....	Original.
			Sub Second Revised .....	2nd Sub First
			Sub Third Revised .....	Sub Second
			Sub 1st Rev Third Revised .....	Sub Third.
			Sub 2nd Rev Third .....	1st Rev Third.
			2nd Sub Fourth Revised .....	2nd Rev Third.

**Example No. 6**

Continuing from Example 5, a subsequent tracker filing retroactive to November 1, 1994:

Docket	Filed	Effective	Pagination	Superseded sheet
TM96-1-77-000 .....	4/30/95	11/1/94 2/1/95	3rd Rev Third Revised .....	Sub 2nd Rev Third
			3rd Sub Fourth Revised .....	3rd Rev Third.

**Example No. 7**

Abbreviate “Fourth Revised Twenty-Third Revised Sheet No. 4” as “4th Rev Twenty-Third Revised Sheet No. 4.”

**Example No. 8**

To cancel Rate Schedule X-26 which consists of Original Sheet No. 10, First Revised Sheet Nos. 11 through 36, Substitute First Revised Sheet No. 37, and Second Revised Sheet Nos. 38 and 39, file “First Revised Sheet No. 10:”

My Pipeline Company, FERC Gas Tariff, Original Volume No. 1

First Revised Sheet No. 10 Superseding Sheet Nos. 10 Through 39

Notice of Cancellation

Rate Schedule X-26, Exchange Agreement with YOUR Pipeline Company, Dated January 1, 1980.

The following tariff sheets have been superseded:

Original Sheet No. 10

First Revised Sheet Nos. 11 through 36

Substitute First Revised Sheet No. 37

Second Revised Sheet Nos. 38 and 39

**Example No. 9**

Your general terms and conditions end on page 75 and you want to reserve sheets 76 through 99 for future use:

My Pipeline Company, FERC Gas Tariff, Original Volume No. 1

Sheet Nos. 76 through 99

Sheet Nos. 76 through 99 are reserved for future use.

**Exhibit C—Abbreviation Conventions List**

Substitute: Sub

Alternate: Alt

Revised: /

First, Second, etc.: 1st, 2nd, etc.

Sheet No.: (omit these words)

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**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission**

**18 CFR Parts 2, 157, 158, 201, 250, 260, 284, 381, and 385**

**[Docket No. RM95-4-000; Order No. 581]**

**Revisions to Uniform System of Accounts, Forms, Statements, and Reporting Requirements for Natural Gas Companies**

Issued: September 28, 1995.

**AGENCY:** Federal Energy Regulatory Commission, DOE.

**ACTION:** Final rule.

**SUMMARY:** The Federal Energy Regulatory Commission is amending its Uniform System of Accounts, its forms, and its reports and statements for natural gas companies. The amendments reflect the current regulatory environment of unbundled pipeline sales for resale at market-based prices and open-access transportation of natural gas. The Commission seeks to simplify and streamline its requirements to reduce the burden of respondents.